

ODEBRECHT ENGENHARIA E CONSTRUÇÃO
S.A.

Independent auditor's report

Consolidated financial statements
As at December 31, 2020

ODEBRECHT ENGENHARIA E CONSTRUÇÃO S.A.

Consolidated financial statements
As at December 31, 2020

Contents

Independent auditor's report on the financial statements

Statements of financial position

Statements of income

Statements of comprehensive income

Statements of changes in equity

Statements of cash flows

Notes to the financial statements

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the
Shareholders and Management of
Odebrecht Engenharia e Construção S.A.
São Paulo – SP

Qualified opinion on the consolidated financial statements

We have audited the consolidated financial statements of Odebrecht Engenharia e Construção S.A. ("Company"), which comprise the consolidated statement of financial position as at December 31, 2020 and the respective consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the following section of this report "Basis for qualified opinion", the consolidated financial statements present fairly, in all material respects, the financial position consolidated of Odebrecht Engenharia e Construção S.A. as at December 31, 2020, and its consolidated financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Basis for qualified opinion on the consolidated financial statements

Investigations and other legal procedures conducted by Federal Public Prosecution Office and other public authorities

As described on explanatory note 1(a) to the consolidated financial statements and as is publicly known, investigations and other legal procedures conducted by the Federal Public Prosecution Office ("MPF") and other public authorities started in 2014 in the context of the operation called "Lava Jato" (Car Wash). These investigations were targeted at companies, former executives and a certain member of the Company and its subsidiaries, including CNO, among others.

Concurrently and as a result of Car Wash Operation, since 2015, the Federal Public Prosecution Office, the Office of the Solicitor General ("AGU"), some state public prosecution offices and Petrobras S.A. have been filing administrative improbity actions against Novonor, the Company, some of its subsidiaries and certain member and former executives, requiring the payment of compensation and a fine, and establishing a ban on entering into contracts with governmental offices and receipt of tax or credit benefits or incentives, among other things.

On December 1, 2016, Novonor, in the capacity of controlling stockholder of the companies that are part of Novonor Group, entered into a Leniency Agreement with the Federal Public Prosecution Office, taking responsibility for all of the illicit acts that are the subject matter of the above mentioned agreement, except for Braskem S.A. ("Braskem"), as reflected in its financial statements. This Agreement is part of a Global Agreement coordinated by the proper authorities in Brazil, the United States and Switzerland, according to which Novonor, or any other company that is part of its economic group, undertook to pay the aggregate amount equivalent to R\$ 3,828 million over 23 years, in annual customized installments adjusted based on the Selic basic interest rate. On August 8, 2019, the above mentioned agreement was amended, changing the payment schedule, and the Company became the subsidiary guarantor of these obligations.

The purpose of this Leniency Agreement is the recognition of illicit acts and reparation of damages caused, as well as cooperation with the Federal Public Prosecution Service and other authorities with respect to the investigations, and the Novonor Group is also seeking to preserve and maintain its activities, resume entering into contracts with public authorities and receive funds from banks and public authorities in Brazil and abroad.

Due to the above mentioned Leniency Agreement, the Federal Public Prosecution Office undertook to (i) not file civil lawsuits and additional actions for the reimbursement of amounts arising from the complaints and facts related to Operation Car Wash, and (ii) to not apply administrative improbity sanctions, and to work with other public bodies, state-owned companies and mixed capital companies so that they can remove any file restrictions for Novonor, the Company and its subsidiaries.

On July 9, 2018, Novonor and its subsidiaries entered into the Leniency Agreement with the Office of the Solicitor General, the Ministry of Transparency and the Brazilian Government Accountability Office under which they committed to pay, over twenty-two (22) years, the total amount of R\$ 2,727 million, to be deducted from the R\$ 3,828 million agreed upon under the Leniency Agreement entered into with the Federal Public Prosecution Office.

The indirect subsidiary of the Company, CNO, has already entered into 8 (eight) Leniency Agreements with the General Superintendency of the Brazilian antitrust agency ("CADE"). Additionally, CADE's Court ratified 8 (eight) Instruments of Commitment to Cease, totaled R\$ 525 million in terms of monetary contributions from the legal entity and individuals. CNO continues to negotiate with CADE the signing of other instruments of commitment to cease.

CNO has been negotiating with states and municipalities the signing of agreements and/or adherences to the Leniency Agreement according to which, in consideration for not adopting sanctions against it, it will undertake to cooperate with the authorities and indemnify those injured.

On January 29, 2019, an agreement between CNO and the World Bank was announced according to which CNO and its wholly-owned subsidiaries are not qualified to contract projects financed by the World Bank for a period of 03 (three) years. No fine was imposed under the agreement.

On September 04, 2019, an agreement between the Company, CNO and the Inter-American Development Bank ("IDB") was announced, establishing that the Company and some of its wholly-owned subsidiaries, except for the branches and subsidiaries in Africa, were ineligible to contract projects financed by the IDB until August 1, 2024). The payment of a monetary contribution of US\$ 50 million, starting in 2024, was also agreed upon, taking into account the payment terms and conditions of the agreement. The Company and CNO are negotiating agreements with another international institution.

In its operations abroad, the Company and its subsidiaries continue to make their best efforts to come to an understanding with local authorities for sealing cooperation/leniency agreements, while also seeking the support of the Brazilian authorities in the dialogue with the local authorities. To date, in the scope of the Novonor Group, agreements have already been entered into with Brazil, the United States, Switzerland, Panama, Dominican Republic, Ecuador, Guatemala and Peru, in addition to the IDB and the International Bank for Reconstruction and Development ("IBRD").

On the financial statements of the subsidiaries of Odebrecht Engenharia e Construção S.A. were registered accruals to the agreements in course, which values were calculated using the best estimates of the management and of the legal consultants involved.

However, considering the current stage of the negotiations and agreements in course, we were unable, applying alternative audit procedures, to obtain appropriate and sufficient audit evidences to conclude about the sufficiency of the registered accruals and if it would be necessary the register of other accruals on the consolidated financial statements of the Company at December 31, 2020.

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Relevant uncertainty related to operational continuity

On December 31, 2020, the Company presented consolidated current liabilities higher than the consolidated current assets, by R\$ 7,410,965, and negative consolidated shareholders' equity by R\$ 17,192,037. In order to guarantee the operational continuity of the Company and its subsidiaries, on December 9, 2020, the OEC Board of Directors approved the Action Plan ("PA"), for the next three years, as detailed in Note 1 (i). The financial statements have been prepared on the assumption that the Company's business will continue as a going concern and do not include any adjustments relating to the realization and classification of asset values or the settlement and classification of liabilities that would be required if the Company is unable to continue operating. If the financial statements had been prepared considering the discontinuity of operations, they could have presented values different from those presented. Our opinion is not qualified as a result of this matter.

Other information accompanying the consolidated financial statements and auditor's report

The Company's management is responsible for this other information that comprises the Management Report.

Our opinion on the consolidated financial statements does not cover the Management Report and we do not express or will express any form of audit conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We do not have anything to report about this matter.

Emphasis of matter

We draw attention to the explanatory note nº 2.6 to the consolidated financial statements that describes that the consolidated financial statements for the year ended December 31, 2019, presented for comparison purposes, are been restated with this identification, as defined on Brazilian accounting rules NBC TG 23 - Accounting Policies, Estimation Changes and Mistakes Correction and NBC TG 26 (R1) - Financial Statements Presentation, including the following registers and adjustments:

- In 2020, the Company started to consider some monetary assets and liabilities with a functional currency different from the Brazilian real, recorded in Brazil arising from operations between companies that are part of the same economic group and that are under joint control for which settlement is not likely to occur, nor is it planned for the foreseeable future, as part of its net investment in operations abroad. The foreign exchange variations arising from these monetary assets and liabilities started to be recognized in Other comprehensive income within "Accumulated translation adjustments" and will be reclassified from Equity to profit or loss upon the disposal or partial disposal of the net investment.

- On December 31, 2020, the Company recognized in Other comprehensive income the amount of R\$ 2,291,069 - US\$ 440,870 related to foreign exchange variations on assets and liabilities that are considered part of the net investment in operations abroad. In order to maintain the comparability between the information disclosed, the balances for December 31, 2019 were restated in accordance with CPC 23, resulting in the reclassification of the amount of R\$ 295,494 - US\$ 56,862 from Accumulated losses to Other comprehensive income.

We audited and agreed with the adjustments recorded.

Other matters

Audit of comparative balances

The amounts corresponding to the consolidated financial statements originally presented for the year ended December 31, 2019 were audited by us and our report, dated May 05, 2020, contained caveats related to investigations and other legal proceedings conducted by the Federal Public Ministry and other public authorities and audit registration of the guarantee obligation arising from the Odebrecht Finance Ltd. Bonds and emphasis paragraph on the restatement of the financial statements for the year ended December 31, 2018.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Brazilian accounting practices, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian standards and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

São Paulo, April 27, 2021



BDO RCS Auditores Independentes SS
CRC 2 SP 013846/O-1



Celso Luiz da Costa Lobo
Accountant CRC 1 SP 251526/O-6

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Consolidated Balance Sheets In thousands of reais and U.S. dollars

		December 31, 2020		December 31, 2019 (Restated)				December 31, 2020		December 31, 2019 (Restated)	
	Note	US\$		R\$			Note	US\$		R\$	
Assets						Liabilities and Net Capital Deficiency					
Current Assets						Current liabilities					
Cash and Cash Equivalents	6	168,699	876,679	482,425		Debits	19	830,223	4,314,422	2,949,084	
Financial Instruments	7			70,700		Leases	23	6,003	31,194	21,223	
Trade Accounts Receivable	8	404,745	2,103,338	4,014,765		Suppliers and Subcontractors	20	909,153	4,724,593	4,087,264	
Advances to Suppliers, Subcontractors and Others		22,576	117,320	217,485		Taxes, Fees, Salaries and Social Contributions	21	156,634	813,982	1,153,970	
Taxes Recoverable	9	93,322	484,968	490,258		Advances from Customers	8	233,940	1,215,716	1,173,095	
Inventories	10	83,835	435,663	457,493		Current Accounts with Consortium Members		92,379	480,067	371,529	
Current Accounts with Consortium Members		82,996	431,303	379,226		Provisions for Tax, Labor, Civil and Others Contingencies	22	110,284	573,114	396,486	
Prepaid Expenses		10,440	54,256	35,052		Other Liabilities	24	103,558	538,159	527,130	
Other Assets	11	149,472	776,755	945,062							
		1,016,085	5,280,282	7,092,466				2,442,174	12,691,247	10,679,781	
Non-current assets held for sale and discontinued operations	14 (a)	65,819	342,039	452,480		Non-Current Liabilities					
Non-Current Assets						Debits	19	21,480	111,623	80,234	
Long-term Receivables						Leases	23	17,256	89,674	130,773	
Financial Investments		18,207	94,617	73,387		Suppliers and Subcontractors	20	1,014	5,271	8,519	
Novonor Group Companies	12	622,324	3,234,029	2,714,397		Taxes, Fees, Salaries and Social Contributions	21	7,193	37,380	49,490	
Trade Accounts Receivable	8	349,489	1,816,187	1,984,540		Advances from Customers	8	1,416,259	7,359,871	6,498,549	
Deferred Income Tax and Social Contribution	13 (a)	197,795	1,027,883	825,517		Novonor Group Companies	12	830,948	4,318,188	3,636,945	
Taxes Recoverable	9	11,912	61,902	50,630		Deferred Income Tax and Social Contribution	13 (a)	182,214	946,910	314,768	
Prepaid Expenses		4,983	25,894	18,652		Provisions for Tax, Labor, Civil and Others Contingencies	22	857,521	4,456,278	3,952,303	
Other Assets	11	154,169	801,172	479,790		Provision for net capital deficiency	15 (b)	48,514	252,112	206,346	
		1,358,879	7,061,684	6,146,913		Other Liabilities	24	125,433	651,837	497,878	
								3,507,832	18,229,144	15,375,805	
Investments						Net Capital Deficiency					
Associated Companies	15 (b)	56,666	294,477	246,038		Capital	25 (a)	1,880,353	9,771,631	9,771,631	
Property and Equipment	16	118,927	618,029	683,444		Carrying Value Adjustments	25 (b)	225,253	1,170,571	1,472,948	
Intangible Assets	17	10,854	56,406	166,550		Accumulated Losses		(5,388,652)	(28,003,207)	(22,291,706)	
Right of use	18	14,516	75,437	126,526				(3,283,046)	(17,061,005)	(11,047,127)	
		1,625,661	8,448,072	7,821,951		Non-Controlling Interest		(25,214)	(131,032)	(94,042)	
								(3,308,260)	(17,192,037)	(11,141,169)	
Total Assets		2,641,746	13,728,354	14,914,417		Total Liabilities and Net Capital Deficiency		2,641,746	13,728,354	14,914,417	

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

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Consolidated Statements of Income Years ended December 31 In thousands of reais and U.S. dollars, unless otherwise indicated

		2020		2019
				(Restated)
	Note	US\$		R\$
Continuing operations				
Net services and sales revenues	26	698,479	3,629,788	5,158,145
Cost of services rendered	27	(548,931)	(2,852,632)	(3,874,522)
Gross profit		149,548	777,156	1,283,623
Operating expenses				
General, administrative and selling expenses	27	(502,787)	(2,612,833)	(1,895,739)
Other income (expenses), net		(25,338)	(131,668)	64,849
Operating profit (loss)		(378,577)	(1,967,345)	(547,267)
Results from investments				
Results from equity investments	15 (b)	3,726	19,361	(463,264)
Financial result				
Financial result, net	28	(377,428)	(1,961,380)	(12,931,155)
Loss before social contribution and income tax		(752,279)	(3,909,364)	(13,941,686)
Current income tax and social contribution	29	14,558	75,656	(518,313)
Deferred income tax and social contribution	29	(29,802)	(154,874)	253,074
Loss of continued operations for the year		(767,523)	(3,988,582)	(14,206,925)
Discontinued Operations				
Loss of discontinued operations for the year	14 (b)	(350,358)	(1,820,708)	(1,531,669)
Loss for the year		(1,117,881)	(5,809,290)	(15,738,594)
Attributable to:				
Company's Stockholders		(1,099,063)	(5,711,501)	(15,466,768)
Non-controlling interest		(18,818)	(97,789)	(271,826)
		(1,117,881)	(5,809,290)	(15,738,594)
Basic losses per share from continuing and discontinuing operations attributable to stockholders at the end of the year (in R\$ and US\$ per share)	25 (c)	(0.084)	(0.436)	(1.339)

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

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Consolidated Statements of Comprehensive Income
Years ended December 31
In thousands of reais and U.S. dollars

		2020	2019
			(Restated)
Note	US\$		R\$
Loss for the year	(1,117,881)	(5,809,290)	(15,738,594)
Other comprehensive income:			
Items to be subsequently reclassified to profit or loss:			
Carrying value adjustment - Hedge	25 (b) (2,039)	(10,594)	(85,544)
Reflection effect of monetary restatement from foreign investees	25 (b) 20,981	109,034	78,520
Foreign currency translation adjustment	25 (b) 363,741	1,890,252	669,132
Foreign exchange variation on net investments abroad	25 (b) (440,869)	(2,291,069)	(295,494)
Total comprehensive loss for the year	(1,176,067)	(6,111,667)	(15,371,980)
Attributable to:			
Company's Stockholders	(1,157,249)	(6,013,878)	(15,100,154)
Non-controlling interest	(18,818)	(97,789)	(271,826)
	(1,176,067)	(6,111,667)	(15,371,980)

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

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Consolidated Statement of Changes in Equity (Net Capital Deficiency)
In thousands of reais, unless otherwise indicated

(continued)

	Note	Attributable to Company's Stockholders				Non-Controlling Interest	Total Equity (Net Capital Deficiency)
		Capital	Carrying Value Adjustment	Accumulated Deficit	Total		
At December 31, 2018		8,625,625	1,106,334	(6,824,938)	2,907,021	172,461	3,079,482
Total comprehensive income for the year:							
Loss for the year - R\$ (1.339) per share	25 (c)			(15,466,768)	(15,466,768)	(271,826)	(15,738,594)
Other comprehensive income (restated)	25 (b)		366,614		366,614		366,614
Total comprehensive loss for the year			366,614	(15,466,768)	(15,100,154)	(271,826)	(15,371,980)
Capital transactions with stockholders:							
Capital increase	25 (a)	1,146,006			1,146,006		1,146,006
Other movements of non-controlling						5,323	5,323
At December 31, 2019 (restated)		9,771,631	1,472,948	(22,291,706)	(11,047,127)	(94,042)	(11,141,169)
	Note	Attributable to Company's Stockholders				Non-Controlling Interest	Total Net Capital Deficiency
		Capital	Carrying Value Adjustment	Accumulated Deficit	Total		
At December 31, 2019 (Restated)		9,771,631	1,472,948	(22,291,706)	(11,047,127)	(94,042)	(11,141,169)
Total comprehensive loss for the year:							
Loss for the period - R\$ (0.436) per share	25 (c)			(5,711,501)	(5,711,501)	(97,789)	(5,809,290)
Other comprehensive income	25 (b)		(302,377)		(302,377)		(302,377)
Total comprehensive loss for the year			(302,377)	(5,711,501)	(6,013,878)	(97,789)	(6,111,667)
Capital transactions with stockholders:							
Other movements of non-controlling						60,799	60,799
At December 31, 2020		9,771,631	1,170,571	(28,003,207)	(17,061,005)	(131,032)	(17,192,037)

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

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Consolidated Statement of Changes in Equity (Net Capital Deficiency)
In thousands of U.S. dollars, unless otherwise indicated

	Note	Attributable to Company's Stockholders				Non-Controlling Interest	Total Net Capital Deficiency
		Capital	Carrying Value Adjustment	Accumulated Deficit	Total		
At January 1, 2020 (Restated)		1,880,353	283,439	(4,289,589)	(2,125,797)	(18,096)	(2,143,893)
Total comprehensive loss for the year:							
Loss for the period - US\$ (0.082) per share	25 (c)			(1,099,063)	(1,099,063)	(18,818)	(1,117,881)
Other comprehensive income	25 (b)		(58,186)		(58,186)		(58,186)
Total comprehensive loss for the year			(58,186)	(1,099,063)	(1,157,249)	(18,818)	(1,176,067)
Capital transactions with stockholders:							
Other movements of non-controlling						11,700	11,700
At December 31, 2020		1,880,353	225,253	(5,388,652)	(3,283,046)	(25,214)	(3,308,260)

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

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Consolidated Statements of Cash Flows Years ended December 31 In thousands of reais and U.S. dollars

		2020	2019
	Note	US\$	R\$
			(Restated)
Cash flows from operating activities			
Loss before income tax and social contribution from continued and discontinued operations		(1,102,637)	(5,730,072)
Adjustments:			
Equity in results of investees	15 (b)	(3,726)	463,264
Variation in construction contracts revenue		(77,090)	(1,391,093)
Depreciation and amortization	27	22,270	148,702
Amortization of right of use	27	4,776	17,007
Residual value of reduction in property and equipment and project expenses		57,713	119,465
Derivative financial instruments fair value accrual			(168)
Presente Value Adjustments	28	19,071	1,534,376
Impairment	15 (b)	9,069	10,794
Estimated losses on doubtful accounts accrual, net	27 / 28	377,304	8,374,030
Provision of guarantees	28	115,458	2,403,559
Provision for contingencies	27	39,442	367,463
Loss of discontinued operations		50,331	1,526,674
Interest, monetary and foreign exchange variations, net		218,682	583,083
Cash used in operations		(269,337)	(1,399,662)
Changes in assets and liabilities:			
Financial investments		(4,085)	(21,230)
Trade accounts receivable		304,401	679,709
Inventories		16,930	(99,183)
Taxes recoverable		10,432	(174,065)
Prepaid expenses and other assets		53,293	398,467
Suppliers and subcontractors		(26,750)	(158,688)
Advances from customers		(87,782)	(7,302)
Taxes, rates, salaries and payroll charges		(55,464)	(386,286)
Other liabilities		44,105	(489,590)
Net cash used in operating activities from continued operations		(14,257)	(1,553,137)
Net cash used in operating activities from discontinued operations		(665)	(11,859)
Net cash used in operating activities		(14,922)	(1,564,996)
Cash flows from investing activities			
Acquisitions of investments	15 (b)	(3,028)	(66,052)
Disposal of investments		625	92
Acquisitions of property and equipment and intangible assets		(23,746)	(159,677)
Dividends received	15 (b)	2,712	16,839
Cash and cash equivalents of subsidiaries included in consolidation, net			(3,335)
Net cash used in investing activities		(23,437)	(212,133)
Cash flows from financing activities			
Related parties			
Repayments		(14,797)	(400,078)
New loans		17,812	409,330
Short and long-term debt, net			
New loans	19 (b)	669	258,454
Payments of principal	19 (b)	(23,927)	(105,055)
Payments of interest	19 (b)	(231)	(1,765)
New leases			72,773
Payments of leases		(1,283)	(3,954)
Net cash generated by (used in) financing activities		(21,757)	229,705
Effect of changes in the exchange rate on cash and cash equivalents		135,982	225,473
Increase (decrease) in cash and cash equivalents from continued operations		76,531	(1,310,092)
Decrease in cash and cash equivalents from discontinued operations		(665)	(11,859)
Cash and cash equivalents at the beginning of the year		92,833	1,804,376
Cash and cash equivalents at the end of the year		168,699	482,425

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

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

1 Operations

Odebrecht Engenharia e Construção S.A. ("OEC" or the "Company") is a closely-held entity and an integral part of the Novonor Group ("Novonor Group"), previously called Odebrecht Group, headquartered in São Paulo, whose parent company is Novonor S.A. – in Judicial Recovery ("Novonor"). The Company is the direct parent company of Odebrecht Holdco Finance Limited ("ODB Holdco") and the indirect parent company of OEC S.A. ("OECSA"), CNO S.A. ("CNO"), OECI S.A. ("OECI"), OENGER S.A. ("OENGER"), Tenenge Engenharia Ltda. ("Tenenge"), and OEC Finance Limited.

The Company's main purposes include the planning and execution of engineering projects and construction works of all types and specialties as a contractor, administrator or other types of contracts adopted in the market; civil engineering technical installations, industrial assemblies, planning, assistance and technical studies, and the performance of other related economic activities, including the import and export of services and goods related to the engineering and construction activities.

Through its direct and indirect subsidiaries and their branches, the Company indirectly operates in the several countries, mainly: Brazil, Angola, Dominican Republic, Panama and Peru.

In the heavy civil construction segment, the main indirect subsidiaries of the Company are CNO, OECI, CBPO Engenharia Ltda. ("CBPO") and Tenenge, which develop construction projects involving highways, railways, hydroelectric, thermoelectric and nuclear plants, port facilities, dams and other industrial and infrastructure projects.

The main projects that are currently being carried out through the subsidiaries and associates in Brazil are: Submarine Project, Santa Cruz Thermoelectric Plant, BRT Belém, BH Health Units, Eurofarma Project, BRT Transbrasil, Ilha dos Pombos Hydroelectric Plant, Minérios Highway, Sertão Alagoano Influent Channel, in addition to many contracts for the provision of services in industrial plants.

Abroad, the main projects in activity are: Laúca Hydroelectric Plant (Angola), Maintenance of IIRSAS North and South (Peru), Line 2 Metro / Airport Extension (Panama), East Section Highway (Ghana), Airport and Port of Miami (United States of America).

(a) Legal investigations and procedures

As is publicly known, investigations and other legal procedures conducted by the Federal Public Prosecution Office ("MPF") and other public authorities started in 2014 in the context of the operation called "Lava Jato" (Car Wash). These investigations were targeted at companies, former executives and a certain member of the Company and its subsidiaries, including CNO, among others.

Concurrently and as a result of Operation Car Wash, since 2015, the Federal Public Prosecution Office, the Office of the Solicitor General ("AGU"), some state public prosecution offices and Petrobras S.A. have been filing administrative improbity actions against Novonor, the Company, some of its subsidiaries and certain member and former executives, requiring the payment of compensation and a fine, and establishing a ban on entering into contracts with governmental offices and receipt of tax or credit benefits or incentives, among other things.

On March 22, 2016, the Novonor Group released a statement about its intent to fully cooperate with the Operation Car Wash investigations.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

Global Agreement with the Authorities

On December 1, 2016, Novonor, in the capacity of controlling stockholder of the companies that are part of Novonor Group, entered into a Leniency Agreement with the Federal Public Prosecution Office, taking responsibility for all of the illicit acts that are the subject matter of the above mentioned agreement, except for Braskem S.A. ("Braskem"), as reflected in its financial statements. This Agreement is part of a Global Agreement coordinated by the proper authorities in Brazil, the United States and Switzerland, according to which Novonor, or any other company that is part of its economic group, undertook to pay the aggregate amount equivalent to R\$ 3,828 million over 23 years, in annual customized installments adjusted based on the Selic basic interest rate. On August 8, 2019, the above mentioned agreement was amended, changing the payment schedule, and the Company became the subsidiary guarantor of these obligations.

The purpose of this Leniency Agreement is the recognition of illicit acts and reparation of damages caused, as well as cooperation with the Federal Public Prosecution Service and other authorities with respect to the investigations, and the Novonor Group is also seeking to preserve and maintain its activities, resume entering into contracts with public authorities and receive funds from banks and public authorities in Brazil and abroad.

The Braskem has also entered into a separate Global Agreement with Brazilian and U.S. authorities.

Due to the above mentioned Leniency Agreement, the Federal Public Prosecution Office undertook to (i) not file civil lawsuits and additional actions for the reimbursement of amounts arising from the complaints and facts related to Operation Car Wash, and (ii) to not apply administrative improbity sanctions, and to work with other public bodies, state-owned companies and mixed capital companies so that they can remove any file restrictions for Novonor, the Company and its subsidiaries.

On July 9, 2018, Novonor and its subsidiaries entered into the Leniency Agreement with the Office of the Solicitor General, the Ministry of Transparency and the Brazilian Government Accountability Office under which they committed to pay, over twenty-two (22) years, the total amount of R\$ 2,727 million, to be deducted from the R\$ 3,828 million agreed upon under the Leniency Agreement entered into with the Federal Public Prosecution Office.

The indirect subsidiary of the Company, CNO, has already entered into 8 (eight) Leniency Agreements with the General Superintendency of the Brazilian antitrust agency ("CADE"). Additionally, CADE's Court ratified 8 (eight) Instruments of Commitment to Cease, totaled R\$ 525 million in terms of monetary contributions from the legal entity and individuals. CNO continues to negotiate with CADE the signing of other instruments of commitment to cease.

CNO has been negotiating with states and municipalities the signing of agreements and/or adherences to the Leniency Agreement according to which, in consideration for not adopting sanctions against it, it will undertake to cooperate with the authorities and indemnify those injured.

On January 29, 2019, an agreement between CNO and the World Bank was announced according to which CNO and its wholly-owned subsidiaries are not qualified to contract projects financed by the World Bank for a period of 03 (three) years. No fine was imposed under the agreement.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

On September 04, 2019, an agreement between the Company, CNO and the Inter-American Development Bank ("IDB") was announced, establishing that the Company and some of its wholly-owned subsidiaries, except for the branches and subsidiaries in Africa, were ineligible to contract projects financed by the IDB until August 1, 2024). The payment of a monetary contribution of US\$ 50 million, starting in 2024, was also agreed upon, taking into account the payment terms and conditions of the agreement. The Company and CNO are negotiating agreements with another international institution.

In its operations abroad, the Company and its subsidiaries continue to make their best efforts to come to an understanding with local authorities for sealing cooperation/leniency agreements, while also seeking the support of the Brazilian authorities in the dialogue with the local authorities. To date, in the scope of the Novonor Group, agreements have already been entered into with Brazil, the United States, Switzerland, Panama, Dominican Republic, Ecuador, Guatemala and Peru, in addition to the IDB and the International Bank for Reconstruction and Development ("IBRD").

Independent Monitoring

In 2020, the monitoring process, started in 2017 and conducted by two offices of independent monitors determined by the Brazilian and U.S. authorities was completed.

The commitments assumed with the authorities that are signatories to the Leniency Agreements and Instruments of Commitment aimed to improve the Company's controls in an efficient and sustainable manner. In the scope of this monitoring are the assessment of the Integrity Program aimed at the maintenance of an appropriate control environment with a special focus on compliance with the applicable anticorruption laws and rules of conduct, and the implementation of efficient internal control in the processes of contracting and paying third parties, making reimbursements and making accounting entries with quality supporting documents.

The third year monitoring report was already delivered by the monitors to the U.S. and Brazilian authorities in June 2020. In October 2020, the monitors delivered the final certification report to the authorities. On November 16, 2020, the independent monitoring by the U.S. Department of Justice was officially terminated.

Management Actions

The Company and its subsidiaries have an ongoing commitment to operate with ethics, integrity and transparency, in accordance with the best international governance practices and applicable laws, rules and regulations, as well as with Company's policies, ensuring a conduct based on ethical principles and values.

Many initiatives related to improvements of financial process controls, such as guidelines and new operational processes, were implemented for the purpose of providing further corporate security to the Company. New compliance and financial control indicators and targets were defined and are being applied in the assessment of the performance of the Company's executives.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

Integrity Program

Since 2014, the Company started the process to implement the Integrity Program on a standardized basis in all countries where it operates for the purpose of addressing the practices and procedures to ensure compliance of the business with the legal requirements and principles of ethical and responsible conduct in the corporate environment. Among the elements of the Integrity Program implemented by the Company and its subsidiaries in 2014 are: (i) implementation of the Code of Conduct that has already been approved by the Board of Directors; (ii) creation and operation of the Ethics Line Channels that are available 24/7 to employees, service providers, suppliers, customers and the general public; (iii) creation of the Ethics Committee to monitor the investigation processes with a schedule of periodic meetings; and (iv) engagement of the commercial partners, through the inclusion of contractual provisions, with mandatory adherence to the Code of Conduct of Suppliers and the Anticorruption Clause.

After the implementation of the Integrity Program, the Company maintained continuing improvement efforts that resulted in the implementation of measures to improve its Governance and Compliance, such as: (i) participation (minimum of 20%) of independent members in the Board of Directors; (ii) creation of the Integrity and Audit Committee (CIA) as a permanent committee of the Board of Directors; and (iii) contracting of the Chief Compliance Officer - CCO and of the Head of Internal Audit, both of whom reporting directly to the Company's Board of Directors through the CIA. In May 2020, the Board of Directors approved the update of the Integrity Policy and the Code of Conduct, which are available on the Company's website on the Internet.

Currently, the Company has three independent members on its Board of Directors, who represent 38% of the total number of members on the Board of Directors. Two independent members serve on the CIA and one of them is the Coordinator of the Committee.

Since 2016, the contracting of a CCO has driven and accelerated the implementation of significant improvements in the Integrity Program, including: (i) process and guidelines of Governance and Structure and Due Diligence of Third Parties; for Gifts, Courtesies and Amenities, Interaction with Public Agents, Sponsorships, Donations and Social Investments, Anti-Bribery Management, Competitive Integrity and Ethics Line; (ii) preparation of annual training plans; (iii) improvement in the process of communication of the Program, with the creation of dedicated intranet and the issuance of new integrity guidelines; and (iv) reformulation of the operation of the whistleblowing channel (Ethics Line), using an independent specialized company for the receipt of complaints, as well as the support of external law firms in the investigation of cases that are considered high risk.

The Integrity Program is supported by activities that support risk management and the prevention, detection and correction of flaws and transparency. Digital platforms that, when globally applied, help the management and the verification of the effectiveness of processes and controls. For example, the procedure of due diligence of suppliers, customers, partners and employees is compulsory for all commercial and labor relationships intended by the Company. By December of 2020, 10,134 analyses had been made based on information from the VCoM (Vendor Compliance Management System) portal. With respect to communication and training, the activities follow annual plans approved by OEC's Board of Directors. The participation of employees in the required training programs is monitored by the Company's eLearning platform and it had achieved, by December 2020, a conclusion rate of 94% of the employees defined as the target group in the Company's Annual Training Plan for 2020, and of 100% of the Company's senior management. Meanwhile, the Ethics Line Channel, the main tool for recording the complaints about conducts that breach the Commitment to Ethical, Honest and Transparent Work, received 190 reports in 2020, which were investigated in an independent manner by the Integrity Department and generated 22 remediation actions, 8 of which were process improvement measures and 5 were dismissals.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

With respect to the performance and maturity of the Integrity Program, the Core Compliance Department, structured in the second half of 2018, monitors on a permanent basis compliance with and the effectiveness of the key processes of the Program, based on standardized and regular data mining tests. The respective department offers a consolidated view of the observance of the Company's integrity policies and guidelines, generating metrics that objectively measure the performances achieved. As examples, by December of 2020, 893 actions were started for testing and checking processes, 637 contracts with third parties were reviewed with respect to integrity requirements and 391 employee contracting or promotion processes were reviewed to check whether requirements were met for the assessment of conflicts of interest. The Core Compliance Department is also responsible for the global monitoring of compliance with the contracts entered into by the Company and the evolution of which is reported to the Integrity and Audit Committee and the Board of Directors.

Since June 2019, the actions to improve the Company's processes and systems have gained reinforcement with the work of the Internal Control Department, seeking to promote, on a cross-cutting basis, further integration, consistency, efficiency and sustainability for the control environment. Many guidelines were updated as a result of the assessment and monitoring of the implemented controls in a continuous improvement process.

As part of the maturation process of the Company's corporate governance, the Board of Directors approved, in June 2019, the direct reporting by the Internal Audit Department to the Company's Board of Directors, operating as a "third line of defense". Among the matters resolved upon by the Board of Directors, there are the approval of (i) the Annual Action Program of the Integrity and Risk Management Department, (ii) the Annual Internal Audit Plan, (iii) the Annual Training Plan, (iv) the individualization of the annual management compensation and (v) the assessment of performance, profile and authorities of the Board of Directors itself and the Business Leader.

The Annual Integrity and Risk Management and Internal Audit plans approved for 2020 were based on a risk analysis of the places where the Company operates, the projects in progress and the internal processes, taking into consideration, among other things, the audit exams and the results of the monitoring throughout 2019 and new surveys on risk perception answered by the Company's senior management. New assessment of risks, performed in October 2020, to guide the planning cycle of 2021, indicated stability or decrease in the main residual mapped risks, justifying the focus on sustainability of both programs.

(b) OFL Bonds

In October 2018, Odebrecht Finance Ltd. ("OFL"), a subsidiary company of Novonor, did not settle the interest installment related to the Bond 2025. Also, the principal related to the Bond 2020 and interest installments related to the Bonds 2020, 2022, 2023, 2029, 2042 and the Perpetual Bonds ("OFL Bonds") that fell due between December 2018 and September 2020 have not been paid. The amount that had not been settled by December 31, 2020 was US\$ 564,952 – R\$ 2,935,884 (December 31, 2019 – US\$ 255,691). Additionally, as a result of the petition for judicial recovery filed by OFL, the maturity of the principal amount of the Bonds 2023 and Perpetual Bonds was brought forward in accordance with the contractual terms of the Bonds. The total principal amount and interest that had not been settled, taking into consideration the Bonds whose early maturity was declared, on December 31, 2020 was US\$ 1,416,513 – R\$ 7,361,192 (December 31, 2019 – US\$ 1,211,188). The Company, OEI and CNO, in the capacity of guarantors of the OFL Bonds, with a view to preserving their operational liquidity, did not pay the amounts tied to the OFL Bonds that were outstanding.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

On June 17, 2019, OFL, Novonor and other companies of the Novonor Group, excluding the Company and its subsidiaries, filed a petition for judicial recovery at the 1st Court of Bankruptcies and Judicial Recoveries of the Central Civil Forum of the Court of Justice of the State of São Paulo ("Judicial Recovery of Novonor").

In order to discuss and negotiate the restructuring of the guarantees offered to the holders of the OFL Bonds, the Company contracted Moelis & Company ("Moelis"), Cleary Gottlieb Steen & Hamilton and E. Munhoz Advogados. On August 30, 2019, the Company announced to the market the agreement made with the Ad Hoc Group of OFL Bond holders with respect to the main terms and conditions for the restructuring of the liabilities tied to the OFL Bonds ("Term Sheet"), which was signed on the same date.

On June 30, 2019, in view of the early maturity of the OFL Bonds arising from the petition for judicial recovery by OFL, the Company recorded in its parent company balance sheet, the amount of US\$ 627,201 – R\$ 2,528,058 in current liabilities as a contra-entry to finance result as a provision for guarantee and this amount reflected the fair value of the OFL Bonds in accordance with the terms described in the Term Sheet.

On June 15, 2020, the Company launched on the market the Consent Solicitation based on the terms and conditions defined in the Term Sheet, requesting support for the restructuring of the OFL Bonds. On July 31, 2020, the support of creditors representing more than 73% of the creditors that are holders of the OFL Bonds was obtained, thus complying with the requirement necessary for the Company, CNO and OEIC to file a petition for the ratification of the extrajudicial recovery plan ("Extrajudicial Recovery Plan") for the implementation of the restructuring of the OFL Bonds ("Extrajudicial Recovery of OEC"). On August 19, 2020, the Company, CNO and OEIC filed with the 1st Court of Bankruptcies and Judicial Recoveries of the Central Civil Forum of the Court of Justice of the State of São Paulo the Extrajudicial Recovery Plan, which was ratified on October 26, 2020.

The judicial recovery plan of OFL was approved at the general creditors' meeting held on September 4, 2020 and ratified on November 11, 2020 ("OFL Plan").

In general terms, the Extrajudicial Recovery Plan and the OFL Plan provide for the cancellation of the obligations of the Company, CNO and OEIC with respect to the OFL Bonds and the payment to the creditors that are holders of the OFL Bonds by means of the receipt, on a pro rate basis, of: (i) a new series of unsecured notes, in each case, at an aggregate principal amount equivalent to 45% of the sum of the accumulated unpaid principal amount and interest, in accordance with the corresponding OFL Bonds series, to be issued by OEC Finance Limited, a subsidiary of OECSA ("New Notes"); and (ii) a participative debt instrument that will entitle holders to future distributions of results related to the performance of OEC S.A. to be issued by Odebrecht Holdco Finance Limited, a subsidiary of the Company, at an aggregate principal amount equivalent to 55% of the sum of the accumulated unpaid principal amount and interest of the OFL Bonds ("Holdco Instrument"), with maturity in September 2058.

On November 24, 2020, OFL, the Company, CNO and OEIC filed for Chapter 15, Title 11, of the United States Bankruptcy Code ("Chapter 15") before the United States Bankruptcy Court for the Southern District of New York requesting (i) the recognition of the Extrajudicial Recovery of OEC and the Judicial Recovery of Novonor, with respect to OFL, as major foreign proceedings, under Chapter 15; (ii) the recognition, the ensurance of compliance with and the provision of full force and effect to the Extrajudicial Recovery Plan and the OFL Plan in the scope of the territorial jurisdiction of the United States; and (iii) the authorization for the parties to take the necessary measures to give effect to the terms of the Extrajudicial Plan and the OFL Plan. On December 20, 2020, a decision on these terms was rendered by the United States Bankruptcy Code for the Southern District of New York, allowing the cancellation of the OFL Bonds and the payment to the creditors that are holders of the OFL Bonds with New Notes and the Holdco Instrument, which took place on January 20, 2021.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

In view of the events presented above, there was a change in the scenario with the issue of the New Notes and the Holdco Instrument, which resulted in the review of the discount rate used to estimate the liability amount of the Bonds from 17.8% to 14.8% and, consequently, the offer of the guarantee was increased by the amount of US\$ 100,129 – R\$ 520,340, as mentioned in Note 28, item (ii).

The balance of the provision for the guarantee was adjusted based on the present value of the new debt assumed and is recorded in current liabilities. On December 31, 2020, the balance of the above mentioned provision is US\$ 749,285 – R\$ 3,893,809. With the issue of the New Notes, as mentioned in Note 32, the debt will be reclassified to non-current liabilities in accordance with the payment schedule.

As a result of the ratification of the OFL Plan and the Extrajudicial Recovery Plan on December 30, 2020 before the United States Bankruptcy Court for the Southern District of New York, the obligations of the Company, CNO and OECI with the OFL Bond holders were cancelled. On December 31, 2020, the Company reversed from its parent company balance sheet the above mentioned provision and recognized the provision for guarantee at the same amounts in the direct and indirect subsidiaries ODB Holdco and OEC Finance Limited, respectively, which are the issuers of the participative debt Instrument and the New Notes.

(c) Related Parties – Novonor Group – Companies In Judicial Recovery

As mentioned above, on June 17, 2019, Novonor and 19 other companies of its economic group, excluding the Company and its subsidiaries, formalized with the courts of São Paulo their petition for judicial recovery.

On April 22, 2020, Novonor and 11 companies of its economic group had their judicial recovery plans approved by the General Creditors' Meeting. On August 03, 2020, the approval of the plans was ratified by the judge responsible for the judicial recovery process.

On September 08, 2020, OFL's judicial recovery plan was approved and it was ratified on November 11, 2020.

On October 15, 2020, the judicial recovery plans of OPP and OP were approved.

On December 10, 2020, Mectron's judicial recovery plan was approved.

On February 22, 2021, OEB's judicial recovery plan was also approved.

So far, there are 3 companies of Novonor Group that did not have their judicial recovery plans approved, the companies are seeking the due approvals with their respective General Creditors' Meetings

However, due to the increasingly remote probability of receiving the credits from the related companies of the Novonor Group, on December 31, 2019 the Company's management assessed the need to recognize an impairment on such credits, amounting to R\$ 8,167,720. For the year ended December 31, 2020, no changes were made to the previously mentioned provision criteria.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(d) Discontinued Operations - Venezuela

On September 11, 2019, due to the critical economic situation and the unstable political environment in Venezuela, several engineering and construction companies, including the Company, were notified of the unilateral rescission of most of their contracts with entities of the Venezuelan State. This procedure adopted by the Venezuelan State disregarded several legal issues that are relevant and the Company has been seeking to defend its interests before the proper institutions.

In 2019, a provision for impairment was recognized for the assets held in Venezuela and classified in the statement of income (operations) as discontinued operations, as presented below:

	R\$
Current Assets	
Trade Accounts Receivable	(1,452,094)
Advances to Suppliers, Subcontractors and Others	(31,167)
Inventories	(45,702)
Other Assets	(41,909)
Non-Current Assets	
Other Assets	(6)
Property and Equipment	(10,794)
Total Assets	(1,581,672)

The amount of trade accounts receivable is net of the amount received in advance under the contract.

On December 31, 2020, the Company reassessed the effects recorded on December 31, 2019 and no changes were identified although it is still assessing possible legal measures against the Venezuelan government (in initial phase of preparation).

(e) Constructora Norberto Odebrecht de Colombia SAS – Under Court Liquidation (“CNOC”)

On November 14, 2019, the Superintendency of Companies of Colombia announced record No. 460-009805 determining the filing for the court liquidation of the Company’s indirect subsidiary CNOC, appointing the liquidator and thus causing the petition for voluntary winding up made previously in October 11, 2019, filed with the Trade Chamber, to be null and void.

On December 17, 2019, the Company presented to the liquidator the balance sheet on liquidation basis and the amount of the net capital deficiency was R\$ 175,393.

Accordingly, on December 31, 2019, CNOC was no longer consolidated in the Company’s balance sheet due to the loss of control over this investment, and its above mentioned net capital deficiency was recognized as “other liabilities” in the Company’s non-current liabilities.

By December 31, 2020, the above mentioned balance sheet on liquidation basis had not been approved by the Superintendency of Companies of Colombia.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

The above mentioned liability balance is subject to foreign exchange variations between the functional currency and the presentation currency of these financial statements. On December 31, 2020, the amount of the balance, taking into consideration the foreign exchange variation, is R\$ 222,788 -US\$ 42,871 – (December 31, 2019 – R\$ 175,393). The Company does not expect further losses in addition to those presented in these Financial Statements arising from this judicial liquidation process.

(f) Receivables from BIOCOM - Adjustment to Present Value

The purpose of Biocom – Companhia de Bioenergia de Angola Ltd. (“Biocom”), incorporated on October 25, 2007, is the production, industrialization, import, export and sale of sugar cane for the production of sugar, ethanol and electric energy in Angola. Biocom’s current stockholders are: the subsidiary of the Company, OAL (40%), Instituto de Gestão de Activos e Participações do Estado (IGAPE) (40%) and SONANGOL HOLDINGS, LIMITADA (20%) (“Stockholders”).

The balance of the credits held by the companies indirectly controlled by the Company (OOL, OSE, CNO and OAL) with Biocom represented, on December 31, 2020, the amount of US\$ 404 million – R\$ 2,1 billion (“Credits with Biocom”).

On December 06, 2019, Biocom’s stockholders, together with local Banks (Banco Angolano de Investimentos – BAI, Banco de Fomento Angola – BFA and Banco Econômico – BE) made efforts to formulate the terms of the renegotiation of the loans contracted by Biocom, as reflected in the Indicative Fact Sheet (“FIT”), confirmed and signed. In general terms, the FIT indicates that there will be, among other things: i) the conversion of the currency of the loans from U.S. dollars to Angolan Kwanzas; ii) the extension of the term for the payment of the principal amount to 42 quarters (126 months – 10.5 years); iii) the renegotiation of the interest rates and payment schedule; and new accessory obligations. Additionally, the FIT determines the subordination of all existing debts of Biocom with its stockholders and companies directly or indirectly controlled by the stockholders to the reimbursement of the debts renegotiated with the local banks. By the issue of these consolidated financial statements, the respective amendment that confirms the related changes connected with these loans has not been completed.

Assuming that the conditions in the FIT are approved and taking into consideration the new minimum term for receipt (10.5 years) and the Company’s assessment, the Credits with Biocom were adjusted to present value, representing, on December 31, 2020, the amount of US\$ 34,61 million – R\$ 179,858 (US\$ 29,5 million – R\$ 118,1 million in 2019).

The changes in the adjustment to present value on Biocom’s credits are presented in the related parties note, in accordance with Note 12.

(g) Economic and Financial Effects of COVID-19 on the Financial Statements

Since the beginning of 2020, the global scenario has been suffering with the new Coronavirus pandemic, COVID-19, which has spread through many countries, causing significant social and economic impacts. The actions of governments and medical authorities to control the pandemic include hygiene measures and social distancing, resulting the closing of schools, shops and public spaces, as well as encouragement for working from home, so as to reduce public gatherings and avoid the collapse of the health system.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

The Company adopted many measures to ensure the safety of its employees, such as: i) establishment of the Covid-19 Prevention Plan and the creation of a Crisis Committee for the purpose of implanting and monitoring the protection measures for the Company's direct and indirect employees; ii) adoption, as from March 14, 2020, of the practice of working from home for all administrative support staff; iii) mapping and performance of many health, labor, of market, contract management, social and financial actions; iv) definition and implementation of procedures for monitoring and caring for the cases detected among employees and third parties/subcontractors; v) plan for continuing communication with its employees and subcontractors aimed at guiding and properly adoption the prevention measures.

By December 31, 2020, the Company's operations have had, in some countries, temporary interruptions in some projects/construction works that the Company has been monitoring and managing in full compliance with the regulatory and prevention measures. To date, no significant financial and economic impacts that are directly or indirectly related to COVID-19 have been identified. Management is still assessing the possible impacts of COVID-19 on its financial statements, such as:

- any changes in accounting judgements that had or are likely to have a significant impact on these financial statements;
- the way COVID-19 could affect the realization of the assets in the balance sheet and the ability to record impairment on these assets;
- anticipation of any significant losses, increases in allowances for credit losses and other expenses incurred in the operations;
- if the Company or its subsidiaries will incur significant contingencies related to COVID-19; and
- the way COVID-19 could affect the fair value of financial assets and liabilities and its proper measurement.

Additionally, the Company's management has been, carefully analyzing, the impact of COVID-19, measures adopted by the governments in the countries in which the Company and its subsidiaries operate, including their ability to continue as a going concern. The Company has been making efforts to preserve its cash flows in the short and medium terms and the main actions are presented below:

- labor and fiscal measures in accordance with the legal provisions established by the government as a result of the pandemic;
- renegotiation with the main creditors for the purpose of maintaining the production of the construction works that are in progress without affecting short-term cash;
- detailed analysis of the contractual clauses with clients and suppliers to identify the risks and rights involved in view of the current scenario;
- contractual analysis for the budget rebalance of the construction works that are interrupted or in a reduced production scale.

The purpose of all actions mentioned above is the maintenance of jobs and the preservation of the Company's cash to honor its assumed commitments, in addition to guaranteeing its survival and sustainability.

(h) Corporate restructuring

As described in Note 1 (b), the Company completed the negotiations with the Ad Hoc Group composed of the "OFL Bond" holders and it launched, on June 15, 2020, the Consent Solicitation on the market based on the terms and conditions of the Term Sheet.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

One of the measures provided for in the Consent Solicitation is the corporate restructuring of the Company's subsidiaries, in line with: (i) the issue of New Bonds, representing 45% of the current Bond amounts; and (ii) a participation debt instrument that will entitle holders to future distributions of results related to the Company's performance.

On July 31, 2020, the Extraordinary General Stockholders' Meeting approved the increase in the capital of OECSA by the Company through the full transfer of the ownership interests in the direct subsidiaries held by the Company (CNO, OECS, Tenenge, OENGER, OEC Finance Limited), except for ODB Holdco.

Additionally, on the same date and after the event above, the increase in the capital of ODB Holdco by the Company was approved by means of the full transfer of the ownership interest in OEC S.A held by the Company.

(i) Going Concern

The operating segment of the Company and its subsidiaries is the heavy civil construction in projects for the construction of highways, railways, hydroelectric, thermoelectric and nuclear plants, port installations, dams, among other industrial and infrastructure projects for public and private customers, and their main source of resources is the generation of cash from these projects.

Operation Lava Jato (Car Wash): As described in Note 1 (a) since 2014, investigations and other legal procedures have been conducted by the Federal Public Prosecution Office and other government authorities in the context of the operation called Lava Jato (Car Wash).

In view of the investigations that are in progress and despite the agreements entered into, the Company and its subsidiaries suffered harsh reputational effects that significantly impacted its finances (that had already been hit by other effects such as the drop in oil prices and the economic recession facing countries and customers where the Company and its subsidiaries operate). This scenario limited the access of the Company and its subsidiaries to credit with commercial banks, insurance companies and the capital markets, directly affecting their capacity to renew the portfolio of new contracts and, consequently, their cash flow generation.

OFL Bonds:

As described in Note 1 (b), OFL Bonds, in June 2019, OFL, Novonor and other companies of Novonor's economic group, which does not include the Company and its subsidiaries, formalized their petition for judicial recovery with the courts of São Paulo. OFL declared in the above mentioned petition the amounts due related to the OFL Bonds, resulting in its acceleration and the respective advance of payments, making the totality of the guarantee offered by OEC, CNO and OECS payable on that date. Consequently, on June 30, 2019, the Company recorded the amount of US\$ 627,201 – R\$ 2,528,058 in current liabilities as a contra-entry to finance result as a provision for guarantee and this amount reflected the fair value of the OFL Bonds in accordance with the terms described on the Term Sheet signed on August 30, 2020 with the Ad Hoc Group.

After the approval of the plan on September 4, 2020 by OFL's creditors, the plan was ratified by the Judicial Recovery Court on November 11, 2020 ("OFL Plan").

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

On November 24, 2020, OFL, the Company, CNO and OECI filed for Chapter 15, Title 11, of the United States Bankruptcy Code ("Chapter 15") before the United States Bankruptcy Court for the Southern District of New York requesting (i) the recognition of the Extrajudicial Recovery of OEC and the Judicial Recovery of ODB, with respect to OFL, as major foreign proceedings, under Chapter 15; (ii) the recognition, the ensurance of compliance with and the provision of full force and effect to the Extrajudicial Recovery Plan and the OFL Plan in the scope of the territorial jurisdiction of the United States; and (iii) the authorization for the parties to take the necessary measures to give effect to the terms of the Extrajudicial Plan and the OFL Plan. On December 20, 2020, a decision on these terms was rendered by the United States Bankruptcy Code for the Southern District of New York, allowing the cancellation of the OFL Bonds and the payment to the creditors that are holders of the OFL Bonds with New Notes and the Holdco Instrument, which took place on January 20, 2021.

As a consequence of the approval, the provision for the guarantee will be recognized as a debt and classified as current and non-current liabilities in accordance with the new payment flow agreed upon in the negotiation of the Bonds.

On December 31, 2020, the Company's subsidiaries have recorded in their current liabilities the amount of US\$ 749,285 mil – R\$ 3,893,809.

Related Parties – Novonor Group – Companies In Judicial Recovery: As described in Note 1 (c), on April 22, 2020, Novonor and 11 companies of its economic group had their judicial recovery plans approved by the General Creditors' Meeting and ratified by the judge responsible for the judicial recovery process on July 27, 2020. On November 11, 2020, OFL's judicial recovery plan was also approved. The three remaining companies that did not have their judicial recovery plans approved are seeking the due approvals with their respective General Creditors' Meetings. However, due to the increasingly remote probability of receiving the credits from the related companies of the Novonor Group, the Company's management assessed, on December 31, 2019, the need to recognize an impairment on such credits in the amount of R\$ 8,167,720. The Company assessed again the above mentioned provision on December 31, 2020 but no changes were necessary.

Venezuela: In September 2019, as mentioned in Note 1 (d), the Company's subsidiaries in Venezuela were notified of the unilateral rescission of most of their contracts with government entities in Venezuela. Therefore, the Company assessed the accounting impacts and recognized the respective allowances for losses in profit or loss for the year as "discontinued operations" in the amount R\$ 1,581,672 – US\$ 392,405.

Management Actions: In view of these events, in order to mitigate the impacts on the cash of the Company and its subsidiaries, management implemented several actions, namely: i) a geographical restructuring process focused on countries that can potentially contract construction works from the Company and its subsidiaries, ii) the strengthening of corporate governance, with the establishment of the Board of Directors and supporting committees to the Board of Directors (with the participation of independent members), iii) creation of an Internal Audit and Internal Controls Department, iv) Integrity Program aimed at addressing practices and procedures to ensure compliance by businesses with legal requirements and principles of ethical, honest and transparent conduct in corporate activities, v) administrative restructuring, adapting the size of the supporting staff to the new size of the Company, vi) sale of assets and past credits to ensure the Company's liquidity, vii) restructuring of short-term debts and trade accounts payable, viii) renegotiation of terms and conditions of guarantees provided to the OFL Bonds and ix) production maintenance for the contracts in the portfolio.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

Accordingly, the commitments assumed by the Company and its subsidiaries with respect to the cooperation agreements and indemnities, which required investments to implement the Compliance System and strength the corporate governance, together with the low volumes of renewal of the contracts in the portfolio, which impaired the Company's ability to generate cash and cash equivalents, and the provisions for (i) the guarantee of the OFL Bonds whose restructuring was completed in January 2021; (ii) the credits receivable from the Novonor Group companies that are in judicial recovery and (iii) the discontinued operation in Venezuela and (iv) the adjustment to present value of the credits held by the companies controlled by OEC with Biocom, among others, resulted in an excess of consolidated current liabilities over consolidated current assets of R\$ 7,410,965 – US\$ 1,426,089 (R\$ 3,587,315 in 2019) and in a consolidated net capital deficiency of R\$ 17,192,037– US\$ 3,308,260 (R\$ 11,141,169 in 2019).

COVID-19: As described in Note 1 (g) "Economic and Financial effects of COVID-19 on the financial statements", since the beginning of 2020, the global scenario has been suffering with the outbreak of a new virus called COVID-19, which has spread over many countries, causing significant social and economic effects. The actions of governments included, in addition to the many social restrictions, including the closing of schools, commerce, as well as the encouragement to work from home in order to reduce public gatherings, and economic incentive packages for the recovery of the economy arising from the effects of the lockdown. Despite these actions, there was a drop in global GDP, particularly in the countries that are the Company's focus. The main impact of COVID-19 on the Company is related to the delay in the replacement of the backlog arising from delays in biddings and investments in the economies affected by the pandemic, although the Company, in 2020, obtained US\$ 138 million in new contracts.

Action Plan 2021 – 2023: In order to ensure the survival and growth of the Company and its subsidiaries, OEC's Board of Directors approved, on December 09, 2020, the Action Plan ("AP") for the next three years, which includes the following actions and strategic directions, which were also included in the previous AP, as summarized below:

- Financial health: i) completion of the negotiation for restructuring the guarantee for the OFL Bonds by the Company in accordance with the terms agreed upon in the Term Sheet mentioned in Note 1 (b) so as to adjust the Company's capital structure and payment flows to its cash generation capacity and ii) renegotiation of trade accounts payable and working capital debts; and iii) sales of investments and monetization of receivables and tax credits.
- Solution and mitigation of litigations and liabilities: i) negotiation of leniency agreements through payments in installments and ii) negotiation of agreements in the countries where OEC operates for payments in accordance with the local financial capacity of each country.
- Organizational restructuring and reduction of costs: i) restructuring of the administrative staff, with shared structures, ensuring synergies, agility and lower costs and ii) implementation of new compensation policies aimed at reducing administrative expenditures.
- Backlog replacement: i) geographical, selective and strategic focus on five countries (Brazil, Peru, Panama, Dominican Republic and Angola), ii) obtainment of new projects in the amount of US\$ 7.1 billion (Previously PA US\$ 6,6 billion), with greater intensification with private customers, iii) search for strategic partnerships with technology and capital providers, jointly participating in the development of projects, iv) search for alternative sources of financial resources and v) implementation of contractual solutions that make possible the optimization of the use of the performance guarantee capacity that is made available by the market.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

- Credits, insurance and guarantees: i) Seeking to reestablish the banking relationship in order to enable the contracting of a credit line to support the financing of new contracts; ii) seeking to enable the contracting of surety bonds to support the obtainments of new backlogs; iii) establishing a relationship with multilateral agencies that develop exports through our subsidiaries located in the countries that are the Company's focus for the inclusion of local content; and iv) seeking to reestablish the investor relations department to support the rapprochement with the capital markets and the subsequent appreciation of the Company's value.

The Company believes that the resumption of growth is essential for it to continue as a going concern. However, should the combined events described not take place, management believes that it will face significant difficulties to resume its growth. The current financial statements do not take into consideration adjustments that would be necessary in case the Company and its subsidiaries not be able to continue as a going concern normally.

2 Summary of Significant Accounting Policies

The main accounting policies applied in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to the years presented, unless otherwise stated.

2.1 Basis of Preparation

The consolidated condensed financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil, which comprise the pronouncements issued by the Brazilian Accounting Pronouncements Committee ("CPC"), transformed into the Brazilian Accounting Standards – NBC TG by means of resolutions of the Federal Accounting Council, which are converged with International Financial Reporting Standards (IFRS) issued by IASB.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the management of the Company and its subsidiaries to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

2.2 Consolidated Companies

(i) Subsidiaries

The Company controls an entity (including structured entities) when it is exposed or has the right to variable returns from its involvement with the entity and is able to affect these returns because of the power it exercises over the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Company and they are deconsolidated on the date that control ceases.

Transactions, balances and unrealized gains on transactions between the consolidated companies are eliminated. Unrealized losses are also eliminated, unless they indicate an impairment of the asset transferred. The accounting policies of subsidiaries are changed, whenever necessary, in order to ensure consistency with the policies adopted by the Company.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(ii) Consolidated companies

The consolidated financial statements include those of the Company and its subsidiaries in which the following direct and indirect control is held as of December 31, 2020 and 2019:

	Country	Direct Holding (%)	
		December 31, 2020	December 31, 2019
Odebrecht Holdco Finance Limited	Cayman Islands	100.00	100.00
	Country	Indirect Holding (%) (continuation)	
		December 31, 2020	December 31, 2019
CNO	Brazil	97.06	97.01
OECI	Brazil	100.00	100.00
OENGER	Brazil	100.00	100.00
Tenenge Engenharia Ltda	(b) Brazil	100.00	100.00
OEC S.A.	Brazil	100.00	100.00
OEC Finance Limited	Cayman Islands	100.00	100.00
Belgravia Serviços e Participações S.A. ("Belgravia")	Brazil	100.00	100.00
Constructora Odebrecht Chile S.A.	Chile	100.00	100.00
Constructora Norberto Odebrecht - Sucursal Angola	Angola	100.00	100.00
CNO S.A. - Argentina	Argentina	100.00	100.00
CNO S.A. - Bolívia	Bolívia	100.00	100.00
CNO. S.A. Sucursal Colombia ("CNO Colombia")	(a) Colombia	100.00	100.00
Constructora Norberto Odebrecht S.A. - Costa Rica	Costa Rica	100.00	100.00
Constructora Norberto Odebrecht S.A. - Emirados Árabes	Arab Emirates	100.00	100.00
CNO S.A. - Ecuador	Ecuador	100.00	100.00
Constructora Norberto Odebrecht S.A. - Gana	Ghana	100.00	100.00
CNO S.A. - Guatemala	Guatemala	100.00	100.00
CNO S.A. - México	Mexico	100.00	100.00
Constructora Norberto Odebrecht S.A. - Moçambique	Mozambique	100.00	100.00
CNO S.A. - Panamá	Panama	100.00	100.00
Constructora Norberto Odebrecht S.A. - Paraguai	Paraguay	100.00	100.00
CNO S.A. - Peru ("CNO Suc. Peru")	Peru	100.00	100.00
Constructora Norberto Odebrecht S.A. - República Dominicana	Dominican Republic	100.00	100.00
Constructora Norberto Odebrecht S.A. - Uruguai	Uruguay	100.00	100.00
Constructora Norberto Odebrecht S.A. - Venezuela	Venezuela	100.00	100.00
Libyan Brazilian Construction and Development Company	Libya	60.00	60.00
Odebrecht de Argentina S.A.	Argentina	100.00	100.00
Odebrecht Industrial, Inc.	USA	100.00	100.00
Bento Pedroso Construções, S.A.	Portugal	100.00	100.00

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020 In thousands of reais and U.S. dollars, unless otherwise stated

	Country	Indirect Holding (%) (continuation)	
		December 31, 2020	December 31, 2019
CBPO	Brazil	100.00	100.00
CBPO Engenharia Ltda. - Argentina	(f) Argentina		100.00
CBPO Engenharia Ltda. - Chile	Chile	100.00	100.00
CBPO Engenharia Ltda. - Colombia	Colombia	100.00	100.00
CBPO Engenharia Ltda. - Uruguai	Uruguay	100.00	100.00
CBPO Engenharia Ltda. - Venezuela	Venezuela	100.00	100.00
CBPO Engenharia Ltda. - Panamá	Panamá	100.00	100.00
CBPO Ingeniería de Venezuela C.A.	Venezuela	100.00	100.00
CBPO Overseas Limited.	Cayman Islands	100.00	100.00
Centaurus Investments Limited	Cayman Islands	100.00	100.00
Companhia de Obras e Infra Estrutura	Brazil	100.00	100.00
COI Cuba	Cuba	100.00	100.00
Constructora Norberto Odebrecht del Ecuador S.A.	Ecuador	100.00	100.00
Constructora Odebrecht Uruguay S.A.	Uruguay	100.00	100.00
COI Overseas, Ltd.	British Virgin Islands	100.00	100.00
Constructora Norberto Odebrecht de Panamá S.A.	Panamá	100.00	100.00
Multitrade S.A.	Brazil	100.00	100.00
Odebrecht Services GMBH	(f) Austria		100.00
CBPO Overseas Sucursal República Dominicana	Dominican Republic	100.00	100.00
Odebrecht Industrial Engineering America	USA	100.00	100.00
Odebrecht Angola Projectos e Serviços Ltda.	Angola	100.00	100.00
Odebrecht Angola - Construção e Projectos de Energia, Limitada	Angola	100.00	100.00
Odebrecht Solution Inc.	Bahamas	100.00	100.00
Odebrecht Construction Malta Ltd.	Malta	100.00	100.00
Odebrecht Construction, Inc.	USA	100.00	100.00
Odebrecht Engineering & Construction Ltd.	Malta	100.00	100.00
Odebrecht Solution Malta	Malta	100.00	100.00
Odebrecht Ingeniería y Construcción de España, S.L.	Spain	100.00	100.00
Odebrecht Ingeniería y Construcción Internacional de México, S de RL de CV.	Mexico	100.00	100.00
Odebrecht Investimentos em Concessões Ferroviárias, Unipessoal, Lda.	Portugal	100.00	100.00
Odb, Investimentos em Concessões Rodoviárias, Unipessoal, Lda.	Portugal	100.00	100.00
Tenenge Limited	(d) United Kingdom	100.00	100.00
Odebrecht Overseas Limited ("OOL")	Bahamas	100.00	100.00
Odebrecht Peru Ingeniería y Construcción S.A.C. ("OPIC")	Peru	100.00	100.00
Odebrecht Industrial Engineering B.V.	(f) Netherlands		100.00
OEC Serviços de Exportação S.A.	Brazil	100.00	100.00
OSEL - Odebrecht Serviços no Exterior Ltd.	Cayman Islands	100.00	100.00
Tenenge (UK) Ltd.	United Kingdom	100.00	100.00
Tenenge Overseas Corporation	Cayman Islands	100.00	100.00
Concesionaria Madden Colon	Panamá	100.00	100.00
Constructora Norberto Odebrecht de Guatemala S.A.	Guatemala	100.00	100.00
Odebrecht Global Sourcing South Africa	South Africa	100.00	100.00
HG Market Group Corp	Barbados	100.00	100.00
OEC Peru Infraestructura S.A.C.	Peru	100.00	100.00
OIS - Odebrecht International Services, Ltd.	Cayman Islands	100.00	100.00
OECP S.A.	Brazil	100.00	100.00
Odebrecht Servicios Integrales de México, S de RL de CV.	Mexico	100.00	100.00
Odebrecht Engenharia e Construção Internacional S.A. - Bolívia	Bolivia	100.00	100.00
OECI Ghana Limited	Ghana	100.00	100.00
CBPO Colombia SAS	Colombia	100.00	100.00
OEC Services S.à r.l	(e) Luxembourg	100.00	100.00
OECI S.A. - Sucursal Colombia	Colombia	100.00	100.00
OECI S.A. - Republica Dominicana	Dominican Republic	100.00	100.00
OECI S.A. - Argentina	(f) Argentina		100.00
Odebrecht Engenharia e Construção Internacional S.A. - Moçambique	Mozambique	100.00	100.00
CBPO Ingeniería y Construcción de México S.A. de C.V.	Mexico	100.00	100.00
OEC Guyana Inc.	Guyana	100.00	100.00
CSC OEC - Panamá, S.A.	Panamá	100.00	100.00
OECI Angola	(c) Angola	100.00	
OECI Republica Dominicana	(c) Dominican Republic	100.00	
CBPO Ecuador	(c) Ecuador	100.00	

(a) Corporate name changed on February 19, 2020 to CNO. S.A. Sucursal Colombia. Previously named Constructora Norberto Odebrecht S.A. – Colômbia.

(b) Corporate name changed on July 06, 2020 to Tenenge Engenharia Ltda. Previously named Tenenge Montagem e Manutenção Ltda.

(c) Company incorporated in 2020.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(d) Corporate name changed on July 29, 2020 to Tenenge Limited. Previously named Odebrecht Services Limited .
(e) Corporate name changed on September 28, 2020 to OEC Services S.à.r.l. Previously named Odebrecht Services S.à.r.l.
(f) Companies wound up in 2020.

(iii) Transactions with and interests of non-controlling interests

In purchases of non-controlling interests, the difference between any consideration paid and the share acquired of the carrying amount of the subsidiary's net assets is recorded in equity.

Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest in the entity is remeasured to its fair value and the change in the carrying amount is recognized in the statement of operations. The fair value is the initial carrying amount for subsequent recognition of the interest retained in an associate, joint venture or financial asset.

In addition, any amounts previously recognized in other comprehensive income related to that entity are recorded as if the Company had sold directly the related assets or liabilities. As a result, the amounts previously recognized in other comprehensive income are reclassified to statement of operations.

(iv) Associates and joint ventures

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint arrangements are all entities over which the Company shares control with one or more parties. Investments in joint arrangements are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor.

Joint operations are accounted for in the financial statements so as to represent the contractual rights and obligations of the Company. Accordingly, the assets, liabilities, income and expenses related to their interests in joint operations are accounted for on an individual basis in the Company's financial statements.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost.

The Company's share of the profit or loss of its associates and joint ventures is recognized in the statement of operations and its share of changes in reserves is recognized in reserves. When the Company's share of losses in an associate or joint venture equals or exceeds the carrying amount of the investment, including any other receivables, the Company does not recognize additional losses, unless it has assumed obligations legal or constructive obligations to make payments on behalf of the associate or jointly-controlled entity.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of associates and joint ventures have been changed where necessary in order to ensure consistency with the policies adopted by the Company.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

If the shareholding in the associate is reduced, but significant influence is maintained, only a proportional part of the amounts previously recognized in other comprehensive income will be reclassified to the statement of operations, where appropriate.

Dilution gains and losses arising from investments in associates are recognized in the statement of operations.

(v) Capital restructuring involving jointly-controlled entities

For situations of capital restructuring in which the final controlling stockholder remains the same before and after the transaction, management elected to adopt the previous cost accounting practice as it understands that it better represents the transaction that was carried out and provides more relevant information.

The previous cost accounting practice specifies that when an equity investment between jointly-controlled entities is recorded, the entity that receives the equity investments will initially recognize the transferred assets and liabilities at their carrying amounts in the accounts of the entity that makes the transfer on the transfer date.

2.3 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of the Company and each of the entities included in consolidation are measured using the currency of the primary economic environment in which the respective entity operates ('the functional currency'). The consolidated financial statements were prepared in Brazilian reais (R\$), which is the OEC's functional and presentation currency, and are presented in thousands of reais and U.S. dollars.

(b) Transactions and Balances

Except for the operations in Venezuela and Argentina, which are hyperinflationary environments, transactions in foreign currency, that is, any currency that is different from the functional currency, are translated into the functional currency using the foreign exchange rates prevailing on the dates of the transactions, or the dates of valuation, when items are remeasured. The operations in Venezuela and Argentina are monetarily adjusted and translated at year-end foreign exchange rates.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end foreign exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss for the year within "Finance result".

The foreign exchange rates used for translating the transactions and balances in other currencies of the main branches and subsidiaries of the Company were official currency, as follows:

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

Country	Currency	December 31, 2020	December 31, 2019
Angola	American Dollar	5.1967	4.0307
Argentina	Argentinian Peso	0.0619	0.0673
Colombia	Colombian Peso	0.0015	0.0012
Cuba	Cuban Peso	5.1967	4.0307
USA	American Dollar	5.1967	4.0307
Mexico	Mexican Peso	0.2610	0.2134
Panama	Balboa	5.1967	4.0307
Peru	New Sol	1.4388	1.2160
Portugal	Euro	6.3779	4.5305
Dominican Republic	Dominican Pesos	0.0898	0.0763
Venezuela	Sovereign Bolivars	0.0000047	0.0001

In view of the situation of the Company's subsidiaries in Venezuela, as mentioned in Note 1 (d), management is considering the possibility of changing the functional currency to Brazilian reais, in accordance with the definitions of functional currency described in IAS 21 / CPC 02 (R2). In accordance with this CPC, this is possible when there is a change in transactions, events and underlying conditions of the Company with respect to its previously defined functional currency.

(c) Translation of Balances of Consolidated Companies

The results and financial position of all the consolidated entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the end of year;
- The opening equity for one year corresponds to the closing equity for the previous year as translated at the time. The changes in the opening equity for the year are translated at the rates in effect on the dates these changes occur;
- Income and expenses for each statement of operations are translated at the average foreign exchange rates for the respective years; and
- All resulting exchange differences are recognized as a separate component in equity within "Other comprehensive income".
- When a foreign operation is partially disposed of or sold, the related foreign exchange differences that were recorded in equity are recognized in the statement of income as part of the gain or loss on sale.

2.4 Financial Reporting in Hyperinflationary Economies

The Brazilian accounting standard (CPC 42/IAS 29) – "Financial Reporting in Hyperinflationary Economies" requires the preparation of financial information adjusted by inflation indexes in economies that are considered hyperinflationary, a procedure that has been adopted for the assets, liabilities, equity and profit or loss of the Company entities in Venezuela and Argentina.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

The financial information in Venezuela has been adjusted until September 30, 2019 in line with the National Consumer Price Index ("INPC"), the official adjustment index for this information that was published by the Central Bank of Venezuela ("BCV") on May 28, 2019. The period related to May and June 2019 was adjusted in line with the calculation guidelines provided by BCV. Since July 1, 2019, the financial information in Venezuela has no longer been subject to the adjustment for hyperinflation in view of the discontinuity of the operation in that country, as mentioned in Note 1 (d).

In Argentina, the financial information was adjusted in line with the Consumer Price Index (IPC), the official adjustment index for this information that is published by the National Institute of Statistics and Censuses of Argentina (INDEC).

2.5 New pronouncements, amendments to and interpretations of accounting standards

(i) Revised and in effect

The Company revised and adopted in 2020 the standards and amendments in effect for the annual period beginning on or after January 1, 2020.

- Amendments to IFRS 3 Business definition
- Amendments to IFRS 7, IFRS 9 and IAS 39 (CPC 40(R1), CPC 48 and CPC 38, respectively), Reform of the benchmark interest rate (Phase 1)
- Amendments to IAS 1 and IAS 8 (CPC 26(R1) and CPC 23, respectively), Definition of material
- Conceptual structure for financial reporting issued on March 29, 2018 (CPC 00(R2))
- Amendments to IFRS 16 (CPC 06(R2)), Concessions on leases related to Covid-19

The management of the Company and its subsidiaries assessed the pronouncements, amendments to and interpretations of the accounting standards described above and did not identify any significant impacts on the financial statements.

(ii) Revised and not in effect

The Company revised the new and amended standards and interpretations that were issued but that were not yet in effect by the date of the issue of the financial statements of the Company and its subsidiaries. The Company and its subsidiaries intend to adopt these new and amended standards and interpretations, if applicable, when they come into effect.

- Amendments to IAS 1 (CPC 26(R1)): Classification of liabilities as current or non-current
- IFRS 9 (CPC 48), Financial instruments - Fees in the "10 per cent" test for the derecognition of financial liabilities.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (CPC 48, CPC 38, CPC 40(R1), CPC 11 and CPC 06(R2), respectively), Reform of the benchmark interest rate (Phase 2)

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

2.6 Restatement of the financial statements for the year ended December 31, 2019

Net investment in operations abroad

In 2020, the Company started to consider some monetary assets and liabilities with a functional currency that is different from the Brazilian real recorded in Brazil arising from operations between companies that are part of the same economic group and that are under joint control for which settlement is not likely to occur, nor is it planned for the foreseeable future, as part of its net investment in operations abroad. The foreign exchange variations arising from these monetary assets and liabilities started to be recognized in Other comprehensive income within "Accumulated translation adjustments" and will be reclassified from Equity to profit or loss upon the disposal or partial disposal of the net investment.

On December 31, 2020, the Company recognized in Other comprehensive income the amount of R\$ 2,291,069 – US\$ 440,870 related to foreign exchange variations on assets and liabilities that are considered part of the net investment in operations abroad. In order to maintain the comparability between the information disclosed, the balances for December 31, 2019 were restated in accordance with CPC 23, resulting in the reclassification of the amount of R\$ 295,494 – US\$ 56,862 from Accumulated losses to Other comprehensive income.

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(a) Reconciliation of balance sheet for the year ended December 31, 2019

	December 31, 2019	<u>Restatement effects</u> Adjustments	December 31, 2019 (Restated)		December 31, 2019	<u>Restatement effects</u> Adjustments	December 31, 2019 (Restated)
Current Assets	7,092,466		7,092,466	Current Liabilities	10,679,781		10,679,781
Non-Current Assets	7,821,951		7,821,951	Non-Current Liabilities	15,375,805		15,375,805
				Equity			
				Capital	9,771,631		9,771,631
				Carrying Value Adjustments	1,768,442	(295,494)	1,472,948
				Accumulated Deficit	(22,587,128)	295,422	(22,291,706)
					(11,047,055)	(72)	(11,047,127)
				Non-Controlling Interest	(94,114)	72	(94,042)
					(11,141,169)		(11,141,169)
Total Assets	14,914,417		14,914,417	Total Liabilities and Equity	14,914,417		14,914,417

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(b) Reconciliation of loss for the year ended December 31, 2019

	Restatement effects	
	2019	2019 (Restated)
Continuing operations		
Net services and sales revenues	5,158,145	5,158,145
Cost of services rendered	(3,874,522)	(3,874,522)
Gross profit	1,283,623	1,283,623
Operating expenses		
General and administrative and selling expenses	(1,895,739)	(1,895,739)
Other income (expenses), net	64,849	64,849
Operating loss	(547,267)	(547,267)
Results from investments		
Results from equity investments	(463,264)	(463,264)
Financial result		
Financial result, net	(13,226,649)	(12,931,155)
Loss before social contribution and income tax	(14,237,180)	(13,941,686)
Current income tax and social contribution	(518,313)	(518,313)
Deferred income tax and social contribution	253,074	253,074
Loss of continuing operations for the year	(14,502,419)	(14,206,925)
Discontinued operations		
Loss of discontinued operations for the year	(1,531,669)	(1,531,669)
Loss for the year	(16,034,088)	(15,738,594)
Attributable to:		
Company's Stockholders	(15,762,190)	(15,466,768)
Non-controlling interest	(271,898)	(271,826)
	(16,034,088)	(15,738,594)

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less, and immaterial risk of change in value. These balances are maintained for the purpose of meeting short-term cash commitments and not for investment or any other purposes. Bank overdrafts are shown within "Debts" in current liabilities in the balance sheet.

2.8 Trade accounts receivable

The balances of trade accounts receivable are presented in accordance with the realizable values. They are also included in the unbilled amount balances through the balance sheet date as a result of the construction contracts whose amounts are determined based on the physical progression of projects.

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. In practice, they are recognized to the extent in which the consideration that is unconditional is due by the customer, resulting in billed amounts, adjusted by the provision for impairment, when necessary. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Additionally, the Company also assesses the expectation of realization of credits, as described in Note 8 (i).

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

2.9 Inventories

Inventories are made up of parts and materials to be used in construction works and are measured at the average cost method, which is lower than replacement costs or realizable values.

Inventories of real estate properties to sell, mainly located in Angola, are measured at the lowest of the historical cost and their realizable value.

Imports in transit are stated at the cost accumulated in each import.

The Company and its subsidiaries take into consideration in their provision for losses on inventories the components of discontinued construction works and materials that are not in accordance with the quality standards that prevent them from being used safely.

2.10 Current accounts with consortium members

The Company, together with other companies, participates in consortiums for the provision of services related to its corporate purpose. The balances of the current accounts with consortium members represent the imbalance of contributions made to the consortiums. On December 31, 2020 and 2019, the balances of assets and liabilities are presented at the net realizable value.

2.11 Novonor group companies

The main balances maintained with the Group companies are governed by a Loan Agreement entered into between the Company and its subsidiaries and companies of the Novonor Group. The nature of the operations is of loans of financial resources and they may be subject to charges.

2.12 Judicial deposits

Judicial deposits are presented as a deduction from the corresponding liability when they cannot be redeemed, even if there is the possibility of a favorable outcome for the Company and its subsidiaries in the related dispute.

2.13 Other assets

Other assets are presented at realizable value, including, when applicable, accrued earnings and monetary adjustments or, in the case of prepaid expenses, at cost.

2.14 Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale when (i) their carrying amount is recoverable in the case of a sale; and (ii) when such sale is highly probable and the asset or group of assets is available for an immediate sale. These assets are stated at the lowest of the carrying amount and fair value, less costs to sell.

Property and equipment items and intangible assets are no longer depreciated and/or amortized and the equity investments in associates, subsidiaries or joint-controlled subsidiaries are no longer measured using the equity method of accounting when classified as held for sale.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

A discontinued operation is a component of the entity that has been written off or is classified as held for sale and (i) represents an important separate line of business or geographical area of operations; (ii) is an integral part of a single coordinated plan for the sale of an important separate line of business or geographical area of operations; and (iii) is a subsidiary that is exclusively acquired for the purpose of resale.

The discontinued operations were duly excluded from profit or loss from continuing operations and they are presented as a single amount in profit or loss after taxes from discontinued operations in the statement of operations.

2.15 Financial instruments

The Company and its subsidiaries apply the requirements of CPC 48 – Financial Instruments (IFRS 9) related to the recognition, classification and measurement of financial assets and liabilities and their respective impairment losses.

Financial assets

(i) Recognition, classification and measurement

Financial assets can be classified in the following categories: measured at amortized cost, at fair value through other comprehensive income or loss and at fair value through profit or loss.

The Company and its subsidiaries concluded that there are no financial assets measured at fair value through other comprehensive income.

Initial recognition and measurement

The classification of financial assets upon initial recognition depends on the characteristics of contractual cash flows and the business model for managing these financial assets.

Financial assets are recognized when the Company is part of contractual provisions of the instrument and, in general, they are initially measured at fair value plus transaction costs.

Fair value is the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Subsequent measurement

(i) Amortized cost: The financial assets measured at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is written off, modified or impaired.

(ii) Financial assets at fair value through profit or loss: Financial assets measured at fair value through profit or loss correspond to held-for-trading assets, financial assets designated upon initial recognition at fair value through profit or loss or financial assets to be mandatorily measured at fair value. Any resulting gains or losses are recognized in profit or loss.

This category includes derivative instruments and listed equity investments that the Company and its subsidiaries have not irrevocably classified at fair value through other comprehensive income.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

The Company's financial assets and their respective classifications are presented in Note 5.

(ii) Derecognition (write-off) of financial assets

A financial asset (or, as the case may be, a part of a financial asset or part of a group of similar financial assets) is written off when: (a) the rights to receive cash flows from the asset expire; (b) the right to receive cash flows from the asset is transferred or an obligation to fully pay the cash flows received, with no significant delay, to a third party due to an "onlending" agreement is assumed; and (i) all risks and rewards of the asset are substantially transferred; or (ii) all risks and rewards related to the asset are not substantially transferred or retained, but the control over the asset is transferred.

When the Company has transferred its rights to receive cash flows from an asset or has executed an onlending agreement and has not substantially transferred or retained all risks and rewards related to the asset, an asset is recognized to the extent of the continuous involvement of the Company with the asset. In this case, the Company also recognizes a related liability. The transferred asset and the related liability are measured based on the rights and obligations that the Company maintained.

The continuous involvement in the form of a guarantee for the transferred asset is measured at the initial carrying amount of the asset or at the maximum consideration that can be required from the Company, whichever is the lowest.

(iii) Analysis of impairment

In accordance with CPC 48 (IFRS 9), the Company recognized an allowance for expected credit losses ("ECL") for all debt instruments that are not measured at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Company and its subsidiaries expect to receive, less an approximation of the original effective interest rate.

For trade accounts receivable, the Company and its subsidiaries apply a simplified approach to the calculation of ECL. Therefore, the Company and its subsidiaries recognized an allowance based on their historical experience of credit losses, adjusted by specific prospective factors for the countries and construction works in default and the economic environment. Further details are presented in Note 8.

The Company and its subsidiaries consider a financial asset to be in default when internal or external information indicates that it is unlikely that they will receive the contractual amounts that are outstanding. A financial asset is written down when the recovery of the contractual cash flows is not reasonably expected.

Financial liabilities

(i) Recognition, classification and measurement

Initial recognition and measurement

All financial liabilities are initially measured at fair value and, in the case of debts, they are presented net of the directly attributable transaction costs.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

Subsequent measurement

For the purpose of subsequent measurement, financial liabilities are classified into two categories:

(i) Financial liabilities at fair value through profit or loss: are those held for trading or designated at fair value through profit or loss. Gains and losses on held-for-trading liabilities are recognized in the statement of income (operations).

(ii) Amortized cost: including debts, they are initially measured at fair value, net of transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. Gain and losses are recognized in profit or loss when the liabilities are written down or when they are amortized using the effective interest rate.

The effective interest method is used to calculate the amortized cost of a financial liability and allocate its interest expense for the applicable period. The effective interest rate is the rate that exactly discounts the future cash flows estimated over the useful life of the financial liability.

(ii) Derecognition (write-off) of financial assets

A financial liability is written down when the underlying obligation is settled or cancelled or when it expires. When an existing financial liability is replaced by another financial liability of the same borrower in substantially different terms, or when the terms of an existing liability is substantially modified, such replacement or modification is treated as a derecognition of the original liability and a new liability is recognized. The difference in the respective carrying amounts is recognized in the statement of income (operations).

(iii) Presentation of financial assets and liabilities, net

Financial assets and liabilities are presented net in the balance sheet when, and only when, there is a current and enforceable legal right to offset the amounts recognized and when there is the intention to offset, or realize the asset and settle the liability simultaneously.

2.16 Property and equipment

Property and equipment mainly comprises machinery and equipment used in civil construction contracts.

Property and equipment are measured at historical cost, less accumulated depreciation and impairment losses, when applicable. Historical cost includes expenditures that are directly attributable to the acquisition of the items and it also includes the financing costs related to the acquisition of qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will be obtained and the cost of the item can be reliably measured. The carrying amount of replaced items or parts is derecognized. All other repair and maintenance costs are charged to the statement of operations during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful lives, as presented in Note 16.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

The assets' residual values and useful lives and the depreciation methods are reviewed at the end of each year, and adjusted, on a prospective basis when applicable. In the year ended December 31, 2020, the Company reviewed the useful lives of property and equipment and this review did not have any impacts on the consolidated financial statements. An asset's carrying amount is written down immediately to its recoverable amount when the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other income (expenses), net" in the statement of operations.

2.17 Intangible assets

Intangible assets that are separately acquired are measured at cost upon initial recognition.

The useful lives of intangible assets are assessed as definite or indefinite.

The Company basically maintains intangible assets with definite useful lives that are amortized over their economic useful lives and tested for impairment whenever there is an indication of impairment. The amortization period and the amortization method for an intangible asset with a definite useful life are reviewed every year.

The amortization expense of intangible assets with a definite useful life is recognized in the statement of income (operations) in the expense category that is consistent with the function of the intangible assets.

(a) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over its estimated useful life.

2.18 Leases

The Company and its subsidiaries have been applying since January 1, 2019, CPC 06 (R2) – Leases / IFRS 16 – Leases, which introduced a single lease model, replacing the concept of classification into operational lease and finance lease (previously in accordance with IAS 17 – Leases / CPC 06 (R1) – Leases), which was applied by the Company and its subsidiaries until December 31, 2018.

The Company and its subsidiaries assess at the beginning of the contract whether it is, or contains, a lease. That is, if the contract confers the right to control the use of an identified asset for a period of time in exchange for a consideration. The Company and its subsidiaries (as lessees) apply a single approach to recognize and measure all leases, except for short-term leases and leases of low-value assets. The Company and its subsidiaries recognize lease liabilities to make lease payments and right-of-use assets that represent the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized on the date of the beginning of the lease (that is, the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted by any remeasurement of lease liabilities.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

The cost of right-of-use assets include the amount of the recognized liabilities, initial direct costs incurred and lease payments made on the date of the beginning of the lease or before, less any lease incentives received. Right-of-use assets are depreciated using the straight-line method at the shortest of either the lease term or the estimated useful lives of the assets. Right-of-use assets are also tested for impairment.

(b) Lease liabilities

On the date of the beginning of the lease, the Company and its subsidiaries recognize the liabilities measured at the present value of the lease payments to be made during the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on a rate or fee and amounts that are expected to be paid under the guarantees of residual value. The lease payments also include the exercise price of a purchase option that is reasonably likely to be exercised by the Company and its subsidiaries and the payment of fines due to the termination of the lease if the lease term reflects the exercise of the option by the Company.

The variable lease payments that do not depend on a rate or fee are recognized as an expense (unless they are incurred to produce inventories) in the period when the event or condition that gave rise to the payment took place.

When calculating the present value of the lease payments, the Company and its subsidiaries use their incremental loan rate on the date of the beginning of the lease because the interest rate implied in the lease is not immediately determinable. After the date of the beginning of the lease, the amount of the lease liability is increased to reflect the addition of interest and reduced by the lease payments made. Additionally, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (that is, changes in future payments resulting from a change in a rate or fee used to determine such lease payment) or a change in the assessment of a purchase option of the underlying asset.

(c) Short-term leases and low-value assets

The Company and its subsidiaries apply the exemption from recognition for their short-term leases, regardless of their nature (that is, those leases whose terms are 12 months or less as from the date of the beginning of the lease and that do not contain a purchase option). The Company also applied the exemption from recognition for leases that, in accordance with its policy, are considered low value, regardless of their nature. The payments of short-term leases and leases of low-value assets are recognized as an expense using the straight-line method over the term of the lease.

2.19 Debts

Debts are recognized initially at fair value, net of transaction costs incurred. Debts are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of operations over the period of the debts using the effective interest method.

Debts are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date. In this case, they are presented as non-current liabilities.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

The financing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which is an asset that necessarily demands a significant period of time to become ready for the intended use or sale, are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits and that these costs can be reliably measured. Other financing costs are recognized as expenses for the period in which they are incurred.

2.20 Provisions

Provisions are recognized when the Company and its subsidiaries have a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the disbursement expected to settle the obligation and the proper discount rate according to the risks related to the liabilities is used.

Provision for guarantee

The Company's subsidiaries, OEC Finance and ODB Holdco are guarantors of the OFL Bonds. Due to the early maturity of the OFL Bonds, the subsidiaries recognized a provision for guarantee, as described in Note 1 (b).

Provision for tax, civil and labor risks

Provisions for tax, civil and labor risks are monetarily adjusted by the end of the reporting period to cover probable losses based on the nature of the risk and on the opinion of the Company's legal advisors.

2.21 Current and deferred income tax and social contribution

The tax expenses for the year, which include income tax due by the Company's foreign branches/subsidiaries, and in the case of Brazil, social contribution, comprise current and deferred taxes. Taxes on profit are recognized in the statement of operations, except to the extent that they relate to items recognized in comprehensive income or directly in equity. In this case, the taxes are recognized in comprehensive income or directly in equity.

The current income tax and social contribution are calculated on the basis of the tax laws enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income.

In Brazil, they include corporate income tax and social contribution on net revenue calculated based on taxable profit and the rate of 15%, plus an additional rate of 10% on the taxable profit that exceeds R\$ 240 – US\$ 46, is applied for income tax and the rate of 9% is applied for social contribution, considering the offset of tax losses, limited to 30% of the annual taxable profit. Taxable profit reflects profit before taxes adjusted by non-taxable and non-deductible items (temporary and permanent items).

Deferred income tax and social contribution are recognized on income tax and social contribution loss carryforwards, the latter related to Brazil, and on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are classified as "non-current" in accordance with CPC 32 - Income taxes (IAS 12 – Income taxes).

Deferred income tax and social contribution are determined using tax rates that have been enacted in the respective countries at the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized, based on projections of future results prepared and based on internal assumptions and future economic scenarios that may, therefore, change.

2.22 Employee benefits

(a) Pension obligations

The Company and its subsidiaries have entered into an agreement with Vexty, a private closed-end pension fund established by the parent company Novonor, which is one of its sponsoring companies.

Vexty offers its participants a defined contribution plan in which monthly and additional participant contributions and monthly and annual sponsor contributions are made to individual pension savings accounts.

In relation to the benefit payments due under the plan, Vexty's obligations are limited to the total value of the participants' quotas and, in conformity with the rules of the defined contribution plan, the sponsoring entities have no obligations or responsibilities to guarantee minimum levels of benefits to the retired participants. The contributions of the Company and its subsidiaries in the years ended December 31, 2020 and 2019 were R\$ 11,917 – US\$ 2,293 and R\$ 16,534, respectively.

These benefits are considered a defined contribution plan where the risk of receiving benefits is the full responsibility of the participants in accordance with IAS 19 / CPC 33 - Employee Benefits.

2.23 Capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.24 Basis of Translation

The accounting records are maintained in Brazilian reais. The financial information in U.S. dollars is presented solely for the convenience of the reader and has been translated from the amounts in the December 31, 2020 local currency financial statements, using the exchange rate prevailing on that date of R\$ 5.1967 to US\$ 1.00. This translation should not be considered as representing that the amounts in Brazilian reais represent, or have been, or could be, converted into U.S. dollars.

3 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Company and its subsidiaries make estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant and present a significant risk to the financial statements, are disclosed below:

(a) Income tax, social contribution and other taxes

A significant judgment is required from management to determine the amount of the deferred tax asset that can be recognized based on the probable term and level of future taxable profit and other sources of revenue.

Deferred tax assets are recognized for tax losses that are not used to the extent that it is probable that future taxable profit against which the losses can be used will be available.

(b) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques.

The Company and its subsidiaries use their judgment to select the evaluation method and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

On December 31, 2020, the Company recorded in its balance sheet the amount of R\$ 1,835,210 – US\$ 353,149 related to impairment losses on assets, for which, according to the Company's management, recovery was not expected in the short and long terms. The above mentioned impairment losses significantly affected the following accounts: current and non-current trade accounts receivable amounting to R\$ 1,678,045 – US\$ 322,906, as mentioned in Note 8 (ii), other current and non-current accounts receivable amounting to R\$ 9,568 – US\$ 1,841, taxes recoverable amounting to R\$ 5,771 – US\$ 1,111, current accounts with consortium companies amounting to R\$ 43,039 – US\$ 8,282, advances to suppliers amounting to R\$ 327 – US\$ 63 and intangible assets amounting to R\$ 98,460 – US\$ 18,947. The contra-entry of the effects of the above mentioned provision on profit or loss amounted to R\$ 1,476,999 – US\$ 284,219, recorded in the administrative and operating costs and expenses account, as presented in Note 27 (i), R\$ 141,457 – US\$ 27,221, recorded in the other operating expenses account, R\$ 178,928 – US\$ 34,431, recorded in the finance result account, and R\$ 37,826 – US\$ 7,279, which is the difference between the final rate and the average rate recorded in the Carrying value adjustments account in equity.

(c) Leases – Estimate of the incremental rate on debts

The Company is not able to promptly determine the interest rate implied in leases and, therefore, it considers its incremental rate on debt to measure lease liabilities. The incremental rate is the interest rate that the Company would have to pay when borrowing, for a similar period and with a similar guarantee, the funds necessary to obtain an asset with a similar value as that of the right-of-use asset in a similar economic environment. Accordingly, this assessment requires that management considers estimates when observable rates are not available or when they need to be adjusted to reflect the terms and conditions of a lease. The Company estimates the incremental rate using available observable data and takes into consideration in that estimate aspects that are specific to the Company (such as credit rating).

(d) Provisions for tax, social security, labor and civil contingencies and provision for guarantee

Provisions are recognized for all contingencies related to the legal proceedings that represent probable losses and that can be reliably estimated.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

The analysis of the probability of loss includes the evidence available, the hierarchy of laws, case law, most recent decision in courts and their relevance in the legal system, as well as the opinion of the external legal advisors.

The Company's subsidiaries, OEC Finance and ODB Holdco are guarantors of the OFL Bonds. Due to the early maturity of the OFL Bonds, the subsidiaries recognized a provision for guarantee, as described in Note 1 (b).

(e) Revenue recognition

The main purposes of the Company and its subsidiaries include the planning and execution of engineering projects and construction works of all types and specialties as a contractor, administrator or other types of contracts adopted in the market; civil engineering technical installations, industrial assemblies, planning, assistance and technical studies and the performance of other related economic activities, including the import and export of services and goods related to the engineering and construction activities.

The revenue from contracts with customers is recognized when the control of assets or services is transferred to the customer for an amount that reflects the consideration to which the Company and its subsidiaries expect to be entitled in exchange for these goods or services, according to the contractual instruments between the parties.

The Company and its subsidiaries take into consideration whether there are other commitments in the contract that are separate performance obligations for which a portion of the transaction price needs to be allocated. When determining the transaction price, the Company and its subsidiaries take into consideration the effects of the variable consideration, the existence of a significant financing component, a non-monetary consideration and a consideration payable to the customer (if any).

Additionally, the Company and its subsidiaries use the percentage-of-completion ("POC") method to account for their construction contracts. The use of the percentage-of-completion method requires the Company and its subsidiaries to estimate the services performed to the balance sheet date as a proportion between the costs incurred in the services provided to that date, and the total costs estimated for each contract.

The application of the POC method takes place in situations when it is believed that revenue must be recognized over time. In that case, the Company and its subsidiaries transfer the control of the good or service over time.

(f) Joint arrangements

The Company and its subsidiaries have joint control in certain contractual arrangements, which require a consensus among the parties to the arrangement in decisions that imply control. The evaluation of these arrangements to determine the existence of joint control involves subjectivity and judgment.

Contractual agreements that give the Company, or its subsidiaries and other parties to the arrangement, rights to net assets of the respective special purpose entities are recorded using the equity method.

Contractual agreements that represent rights to assets and obligations for the liabilities are treated as joint operations. Such assets and liabilities, as well as revenues and expenses relative to their interests, are directly recognized in the financial statements of the Company and its subsidiaries.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(g) Cash flows

The repayments to Group entities (related parties) are classified as financing activities in order to adjust the financial statements to the reality of the Company's operations.

4 Financial Risk Management

4.1 Financial Risk Factors

The Company and its subsidiaries are exposed to market risks arising from variations in foreign exchange rates, interest rates and prices, and to credit risk arising from the possibility of default by their counterparties in financial investments, trade accounts receivable and derivatives.

The purpose of risk management is to protect the cash flows of the Company and its subsidiaries and reduce the threats to the financing of their operating working capital and investment programs. The Company does not use hedge accounting for these risks.

(a) Foreign Exchange Risk

The Company and its subsidiaries operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Company, through its branches, subsidiaries and associates, has a significant volume of operations abroad and part of which is denominated in U.S. dollars, with some exposure to local currencies, restricted to certain specific countries.

In addition, certain debts of the Company and its subsidiaries contracted overseas, as well as liabilities to suppliers and other balances with related parties, are denominated in foreign currencies.

The Company and its subsidiaries manage their exposure to foreign exchange rates through a mix of cash flows in foreign currencies, foreign currency denominated debt, investments in foreign currencies and derivatives.

The policy of the Company and its subsidiaries to manage foreign exchange risks provides for maximum and minimum limits that must be followed and which are constantly monitored by management.

(b) Interest Rate Risk

As the Company and its subsidiaries have no significant interest-earning assets, their operating result and cash flows are substantially independent of changes in market interest rates.

The Company and its subsidiaries are exposed to the risk that a variation in floating interest rates causes an increase in their finance costs from payments of future interest.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

Foreign currency denominated debt bearing floating rates is mainly subject to changes in the Libor rate. Local currency denominated debt is mainly subject to the variation in the Long-Term Interest Rate (TJLP), fixed rates in Brazilian reais and the daily Interbank Deposit Certificate ("CDI") rate.

The Company and its subsidiaries analyze their interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company and its subsidiaries determine a reasonable expectation of changes in interest rates and calculate the impact on profit or loss. The scenarios are run only for the liabilities that represent the major interest-bearing positions.

(c) Price Index Risk

A considerable number of the contracts to which the Company and its subsidiaries are a party are fixed-price contracts. The actual profit margins of these contracts may vary in relation to the estimated margins used when budgeting costs in a contract price proposal as a result of significant unexpected variations in the cost of equipment, materials to be used or labor related to inflationary or other effects, difficulties faced by the counterparty in obtaining the loans necessary for performing the contract or government licenses or approvals, changes in the project that result in unexpected costs, delays caused by adverse climate conditions or errors in performance by subcontractors and/or suppliers.

In order to minimize price index risks, the budgets of the fixed price contracts performed by the Company and its subsidiaries are periodically reviewed with the inclusion, in the revised budgets, of the matches or inconsistencies verified in relation to the amounts that were effectively realized. The policy of the Company and its subsidiaries is to discuss the collection of claims with respect to the contract price, resulting in future contract amendments, which increase the price, as a result of the variations verified. The amendments are recorded upon their signature.

(d) Credit Risk

Credit risk arises mainly from cash and cash equivalents and financial instruments, as well as credit exposures to customers, including outstanding receivables and commitments.

The Company and its subsidiaries seek to maintain a sufficient volume of cash and cash equivalents to meet: (i) working capital requirements; (ii) investments budgeted in the business plans; and (iii) adverse conditions that may require increased working capital investments.

These funds are allocated so as to: (i) obtain a return that is compatible with the maximum volatility determined by the risk and investment policies; (ii) seek a highly diversified consolidated portfolio; (iii) avoid the credit risk arising from the concentration in few securities; and (iv) follow the variation in the market interest rates, in Brazil or abroad.

The sales strategy of the Company and its subsidiaries takes into consideration the level of credit risk which each company is willing to accept in the course of its business, in accordance with the general guidelines of the Group.

The diversification of receivables, the selectivity in accepting customers, as well as the monitoring of the financing terms for sales by business segment and individual position limits are procedures adopted in order to minimize possible default problems in accounts receivable.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

As a way of mitigating the risk of default, the Company and its subsidiaries are protected, in the provision of engineering and construction services, by regular prepayments from customers.

In order to reduce the volume of overdue receivables, the Company and its subsidiaries have adopted a policy of decentralizing the administrative collection negotiations with customers, delegating this responsibility to the administrative levels responsible for monitoring each contract. If these administrative actions are not successful, the collection of the amounts will occur through court actions.

In addition, the Company and its subsidiaries have applied a greater degree of selectivity when accepting customers and have increased the sales revenue from private customers or public sector customers, which the Company and its subsidiaries consider have the capacity to generate revenue independently and which do not rely on a government budget to pay for their liabilities (mainly companies with both government and private stockholders), as well as those with contracts where payments are financed by export agencies, multilateral agencies, commercial banks, private pension funds and private investors.

As part of their policy to mitigate performance risks in developing countries, the Company and its subsidiaries require advances from customers before starting a project (down payment). These advances are deducted from each invoice through the end of the contract.

With respect to financial and other investments, the policy of the Company and its subsidiaries is to work with first-class financial institutions and avoid concentration of investments in a single economic group, weighting concentrations in accordance with the ratings and the daily prices observed in the Credit Default Swap market for the institutions.

(e) Liquidity Risk

This is the risk that the Company and its subsidiaries do not have sufficient liquid funds to meet their financial commitments, due to the mismatch of terms or volumes of estimated receipts and payments.

To manage the liquidity of cash in local and foreign currency, assumptions related to future disbursements and receipts are determined and monitored daily by the companies' treasury departments.

4.2 Capital management

The Company presents below the capital-based financial gearing ratio. This ratio corresponds to net debt expressed as a percentage of total capital. Net debt is calculated as total debts (including current and non-current debts as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

			December 31, 2020	December 31, 2019
	Note	US\$		R\$
Total debts	19	851,703	4,426,045	3,029,318
Less: cash and cash equivalents	6	(168,699)	(876,679)	(482,425)
Net debt (i)		683,004	3,549,366	2,546,893
Total equity (net capital deficiency)		(3,308,260)	(17,192,037)	(11,141,169)
Total capital		(2,625,256)	(13,642,671)	(8,594,276)
Index of financial gearing - %		N/A	N/A	N/A
N/A - Not Applicable				

(i) The Company's net debt includes the provision for guarantee for the Bonds (Note 1 (b)).

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020 In thousands of reais and U.S. dollars, unless otherwise stated

5 Financial Instruments by Category

	Assets measured at fair value through profit or loss	Amortized cost	Total R\$	Total US\$
December 31, 2020				
Assets, according to the balance sheet				
Cash and banks		723,296	723,296	139,184
Short-term deposits	153,383		153,383	29,515
Financial investments		94,617	94,617	18,207
Current accounts with consortium members		431,303	431,303	82,996
Trade accounts receivable and other assets		5,497,452	5,497,452	1,057,875
Novonor Group companies		3,234,029	3,234,029	622,324
	153,383	9,980,697	10,134,080	1,950,101
		Amortized cost	Total R\$	Total US\$
December 31, 2020				
Liabilities, according to the balance sheet				
Debts		4,426,045	4,426,045	851,703
Leases		120,868	120,868	23,259
Suppliers, subcontractors and other liabilities		5,919,860	5,919,860	1,139,158
Current accounts with consortium members		480,067	480,067	92,379
Novonor Group companies		4,318,188	4,318,188	830,948
		15,265,028	15,265,028	2,937,447
	Assets measured at fair value through profit or loss	Amortized cost	Total R\$	Total US\$
December 31, 2019				(Restated)
Assets, according to the balance sheet				
Cash and banks			400,869	400,869
Financial instruments	70,700			70,700
Short-term deposits	81,556			81,556
Financial investments		73,387		73,387
Current accounts with consortium members		379,226		379,226
Trade accounts receivable and other assets		7,424,157		7,424,157
Novonor Group companies		2,714,397		2,714,397
	152,256	10,992,036		11,144,292
		Amortized cost	Total R\$	
December 31, 2019				
Liabilities, according to the balance sheet				
Debts			3,029,318	3,029,318
Leases			151,996	151,996
Suppliers, subcontractors and other liabilities			5,120,791	5,120,791
Current accounts with consortium members			371,529	371,529
Novonor Group companies			3,636,945	3,636,945
			12,310,579	12,310,579

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

6 Cash and Cash Equivalents

		December 31, 2020	December 31, 2019
	US\$		R\$
High Liquidity	60,831	316,119	129,567
Cash - countries (*)	70,869	368,285	140,690
Consortia (**)	36,999	192,275	212,168
	168,699	876,679	482,425

(*) This includes countries with any restrictions on use or remittances of funds abroad, such as: legal, foreign exchange, specific legislation and where there are no restrictions on local use.

(**) It takes into consideration the cash of consortiums in which the Company has an investment and it will be used to pay for their obligations.

The financial investments of the Company and its subsidiaries are highly-liquid short-term investments (original maturities for up to 90 days) that can be promptly converted into cash and they are subject to an insignificant risk of change in value. The purpose of these funds is basically to supply the Company's cash needs.

7 Financial Instruments

The Development Incentive Certificates ("CIDs") were issued by the São Paulo City Administration Office ("PMSP") based on Law No. 15,413 of July 20, 2011, Executive Order No. 52,871 of December 22, 2011, and Resolution No. 1/2013 of April 4, 2013 of the Construction Committee of the Stadium of the 2014 Fifa World Cup, and they may be used in the payment of the Service Tax (ISS) or the Municipal Real Estate Tax (IPTU) due to PMSP by the investor or assignee.

On January 8, June 18, July 25 and December 17 of 2019, Arena Fundo de Investimento Mobiliário – FII ("Arena FII") transferred the amount of 5,828 CIDs to CNO as a partial settlement of the accounts receivable related to the Engineering, Procurement and Construction (EPC) contract of Arena Corinthians.

On November 29, 2019, the Company negotiated the Private Instrument of Assignment of Rights, Establishment of a Call Option and Other Covenants ("Assignment Agreement") with Nagoia Fundo de Investimento em Direitos Creditórios – Não Padronizados ("Nagoia Fund"), of which 2,136 options are assignment of right ("CIDs of the first operation") and 3,692 options are call options ("call option CIDs").

The CIDs of the first operation were negotiated for the amount of R\$ 82,000 – US\$ 20,344, plus a premium of R\$ 7,425 – US\$ 1,842 provided for in the Assignment Agreement. As a result of this receipt that took place in 2019, the Company recognized in the finance result for 2019 a loss of R\$ 57,759 – US\$ 14,330.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

On July 31, 2020, the Nagoia Fund, by means of a notice, under the terms of Clause 3.2 of the Assignment Agreement, exercised its option for the acquisition of the 3,692 Call Option CIDs and, on August 24, 2020, it made a payment in the amount of R\$ 79,606 – US\$ 15,319. As a result of this receipt, the amount of R\$ 8,920 – US\$ 1,716 was recorded in finance income due to the monetary adjustment provided for in the Assignment Agreement.

On December 31, 2020, there are no balances receivable with respect to the Development Incentive Certificates (CDIs).

8 Trade Accounts Receivable and Advanced from Customers

The balances of trade accounts receivable are mainly recorded in Angola, Brazil, Panama, Peru and Dominican Republic and they include outstanding balances of advances from customers, as follows:

December 31, 2019							
	Accounts receivable and billing rights			Advanced from customers and liability contract (*)			
	R\$			R\$			
Main countries	Current	Non-current	Total	Current	Non-current	Total	
Angola	1,640,818	193,129	1,833,947	7,084	2,824,027	2,831,111	
Brazil	249,881	875,287	1,125,168	93,574	460,642	554,216	
Panama	648,415		648,415	139,455	6,499	145,954	
Peru	1,066,998	28,120	1,095,118	8,095		8,095	
Dominican Republic	920,289		920,289	643,285		643,285	
Others	409,341	1,048,315	1,457,656	281,602	3,207,381	3,488,983	
(-) Allowance for expected losses from doubtful accounts (i)/ Provision for losses on assets that are not expected to be recovered (ii)	(920,977)	(160,311)	(1,081,288)				
	4,014,765	1,984,540	5,999,305	1,173,095	6,498,549	7,671,644	

December 31, 2020							
	Accounts receivable and billing rights			Advanced from customers and liability contract (*)			
	R\$			R\$			
	Current	Non-current	Total	Current	Non-current	Total	Total
Angola	1,105,749	264,748	1,370,497	49,654	2,892,345	2,941,999	566,128
Brazil	417,276	913,539	1,330,815	229,855	295,683	525,538	101,129
Panama	726,436		726,436	130,637		130,637	25,138
Peru	1,366,056	22,832	1,388,888	124,518		124,518	23,961
Dominican Republic	414,047		414,047	244,304		244,304	47,011
Others	705,783	967,833	1,673,616	436,748	4,171,843	4,608,591	886,832
(-) Allowance for expected losses from doubtful accounts (i)/ Provision for losses on assets that are not expected to be recovered (ii)	(2,632,009)	(352,765)	(2,984,774)	(574,359)			
	2,103,338	1,816,187	3,919,525	754,235	7,359,871	8,575,587	1,650,199

(*) These refer to advances from customers usually received upon the signing of contracts for the performance of some construction works that are deducted in different percentages from the service provision invoices over the performance period stipulated in the contract. The amounts received from customers that exceed the allocated revenue are also recorded in the "Advances from customers" account, called contract liability, in current and non-current liabilities, in accordance with the period for the performance of the work.

(i) Allowance for Expected Losses from Doubtful Accounts

According to IFRS 9 / CPC 48 – Financial Instruments, in the measurement of allowance for expected loss from doubtful accounts, the Company adopted the simplified approach criteria since its receivables do not include significant financing components.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

For the measurement of the allowance for expected losses, the Company did not use a matrix of allowances due to the absence of historical losses in its operations that would cause it to determine a criterion for the allowance based on histories of losses. Instead, the Company adopted a geographical matrix model since the monitoring of its operations is determined on a geographical basis. Therefore, for each period, the Company applies the probability of default of each country in which it operates on its credit exposure, which represents the trade accounts receivables less the advances from customers.

Additionally, the Company also assesses the losses incurred arising from one or more events that took place after the initial recognition of the receivable if this loss event has an impact on the Company's cash flows.

Historically, the Company and its subsidiaries have received these credits held with these entities, including those overdue for one year or more, and they have not been presenting significant losses upon their realization. The collection of these overdue amounts occurs through the payment or receipt of government bonds or other assets. As part of their policy to mitigate performance risks in developing countries, the Company and its subsidiaries require advances from customers before starting a project (down payment). These down payments are deducted from each invoice through the end of the contract.

(ii) Provision for losses on assets that are not expected to be recovered

As described in Note 3.1 (b) Fair value of financial instruments, related to critical accounting estimates and judgments, the fair value of financial instruments that are not traded in active markets is determined by means of the use of evaluation techniques. The Company's management uses its best judgment to select the evaluation method and make assumptions that are mainly based on market conditions existing on the balance sheet date.

On December 31, 2020, the Company recorded in its balance sheet the amount of R\$ 1,678,045 – US\$ 322,906 as impairment on accounts receivable mainly related to projects in Peru, Cuba and Brazil.

9 Taxes Recoverable

	December 31, 2020				December 31, 2019		
	R\$			US\$	R\$		
	Brazil	Abroad	Total	Total	Brazil	Abroad	Total
Offset - assets							
Prepayment of income tax	28,302	151,572	179,874	34,613	25,399	288,554	313,953
Indirect taxes	39,296	219,776	259,072	49,853	22,458	132,287	154,745
Taxes withheld at source	5,785	23,390	29,175	5,614	6,139	2,555	8,694
Other	68,229	10,520	78,749	15,154	52,949	10,547	63,496
	141,612	405,258	546,870	105,234	106,945	433,943	540,888
		Current assets	484,968	93,322			490,258
		Non-current assets	61,902	11,912			50,630

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

10 Inventories

		December 31, 2020	December 31, 2019
	US\$		R\$
Materials to be used in construction (i)	20,659	107,359	144,234
Marketable properties (ii)	35,955	186,848	151,150
Imports and exports in progress (iii)	20,368	105,845	79,792
In transit inventories	6,094	31,670	21,049
Advances to suppliers	759	3,941	61,268
	<u>83,835</u>	<u>435,663</u>	<u>457,493</u>

(i) This refers mainly to materials to be used in Consórcio UTE Santa Cruz.

(ii) These mainly refer to inventories of real estate properties for sale in Angola.

(iii) These refer to imports and exports in progress, mainly from the Santa Cruz (Brazil) and AH Lauca (Angola) projects.

11 Other Assets – Current and Non-Current

On December 31, 2020, the balances of other current and non-current assets are of different natures and dispersed, and the main ones are:

i) transaction costs related to the OFL Bonds amounting to R\$ 156,328 – US\$ 30,082 (December 31, 2019 – R\$ 47,252);

ii) debit notes and invoices issued against companies of the Novonor Group amounting to R\$ 312,705 – US\$ 60,203 (December 31, 2019 – R\$ 245,008), as mentioned in Note 12 (b); and

iii) judicial deposits/freezing amounting to R\$ 91,199 – US\$ 17,549 (December 31, 2019 – R\$ 46,749);

iv) Eletrobrás credits R\$ 91,142 – US\$ 17,538 (December 31, 2019 – R\$ 91,142);

v) agreement entered into in 2019 with the consortium companies of the Rnest project amounting to R\$ 57,998 – US\$ 11,161 (December 31, 2019 – R\$ 69,027 – in current assets);

vi) Other accounts receivable related to the agreement entered into on October 02, 2020 between Consórcio Expresso Linha 6 (“CEL6”) and Acciona Construcción S.A. for the sale of part of its property and equipment and some inventory items. The amount attributable to the Company, receivable on December 31, 2020, is R\$ 44,726 – US\$ 8,607;

vii) advances to suppliers amounting to R\$ 28,392 – US\$ 5,463 (December 31, 2019 – R\$ 25,982); and

viii) On December 31, 2020, the Company maintains the amount of R\$ 26,478 – US\$ 5,095 related to social security credits in its assets. The credit arises from the recognition of the non-levy of the social security contribution on payroll charges based on Note PGFN/CRJ No. 485/2016, which recognized that the levy of the social security contribution on Prior Notice Pay is not due; e

ix) other accounts receivable related to the rescission between CEL6 and Concessionária Move São Paulo S.A., in which the consenting intervening parties were Linha Universidade Participações S.A. (“New Concessionaire”) and Acciona Construcción S.A., with the New Concessionaire undertaking to pay to CEL6 the amount of R\$ 12,413 – US\$ 2,389 (attributable to the Company);

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

12 Related Parties

(a) Changes in Balances of Novonor Group Companies and Current Account with Consortium Members:

	December 31, 2019	Additions	Disposals	Interests	Exchange Variation	Provision for losses	Adjustment to present value	December 31, 2020
Current asset								
Current accounts with consortium members								
Odebrecht Serviços e Participações S.A. - under judicial recovery ("OSP")	88,152	1,451						89,603
Total - Companies under judicial recovery (i)	88,152	1,451						89,603
Non-current asset								
Novonor Group Companies								
Novonor	82,616	15,630		876	26,095	(10,841)		114,376
ODBIC	437,141			11,589	126,629	(6,017)		569,342
OFL	1,988,146				562,179	(220,356)		2,329,969
Total - Companies under judicial recovery (i)	2,507,903	15,630		12,465	714,903	(237,214)		3,013,687
Other OPI consolidated companies (ii)	91,207	476	(16,891)	6,894	21,347	(51,897)		51,136
Aqueduct	1,358	97	(172)		464			1,747
Biocom – Cia de Bioenergia de Angola Ltd. - "Biocom" (c)	95,563	10,768		39,431	28,255		(24,678)	149,339
Consorcio Constructor Ductos Del Sur	11,403	2,303	(1,326)	491	5,192			18,063
Others	6,963	1	(8,147)	11	1,229			57
Total - Other Group companies	206,494	13,645	(26,536)	46,827	56,487	(51,897)	(24,678)	220,342
Total Assets - related parties (in R\$)	2,714,397	29,275	(26,536)	59,292	771,390	(289,111)	(24,678)	3,234,029
Total Assets - related parties (in US\$)		5,633	(5,106)	11,410	148,438	(55,634)	(4,749)	622,324

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

	December 31, 2019	Additions	Disposals	Interests	Exchange Variation	December 31, 2020
Non-current liabilities						
Novonor Group Companies						
Novonor	163,189	7,305	(11,857)			158,637
ODBIC	437,141	293		1,444	130,464	569,342
OFL	1,201,152				347,470	1,548,622
OSP	875,146	371	(4,568)			870,949
Total - Companies under judicial recovery (i)	2,676,628	7,969	(16,425)	1,444	477,934	3,147,550
Other OPI consolidated companies (ii)	350,235	21,984	(62,170)	10,498	75,396	395,943
Aqueduct	527,321				152,543	679,864
CNOC (Colômbia)	157	46	(234)		31	
Consorcio Constructor Ductos Del Sur	29,690		(3,862)	1,260	13,840	40,928
Consorcio Constructor Chavimochic	5,614		(4,830)	17	971	1,772
Horiens Consultoria e Corretora de Seguros Ltda	29,390		(1,596)			27,794
Horiens Ltd	9,611				2,780	12,391
OR	6,497					6,497
Others	1,802	7,365	(4,421)	48	655	5,449
Total - Other Group companies	960,317	29,395	(77,113)	11,823	246,216	1,170,638
Total Liabilities - related parties (in R\$)	3,636,945	37,364	(93,538)	13,267	724,150	4,318,188
Total Liabilities - related parties (in US\$)		7,190	(17,999)	2,553	139,348	830,948

(i) The balance of net liabilities of OEC and subsidiaries of Novonor Group companies that are in judicial recovery amount to R\$ 44,260 – US\$ 8,517 (December 31, 2019 – R\$ 80,573).

(ii) This refers to balances with consolidated companies of Odebrecht Participações e Investimentos S.A. – In Judicial Recovery (“OPI”), that are not in judicial recovery: Concessionária Traspase Olmos S.A., Odebrecht Latinvest Peru SAC, Odebrecht Energia Del Peru, Technik Invest SAC, Inversiones en Infraestructura Transportes por Ductos SAC, Odebrecht Latinvest Peru Ductos S.A., Concessionaria IIRSA Norte S.A., Concesionaria Interoceanica Sur Tramo 2 S.A., Concesionaria Interoceanica Sur Tramo 3 S.A. and Bairro Novo Empreendimentos S.A.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(b) Other Transactions with Related Parties:

	December 31, 2019	Additions	Disposals	Interests	Provision for losses/AVP	Exchange Variation	Transfers	December 31, 2020
Current and Non-Current asset accounts receivable								
OSP		6						6
Total - Companies under judicial recovery		6						6
Other OPI consolidated companies	65,829	92,137	(66,625)			7,430	(35,361)	63,410
Consorcio Construtor Chavimochic - Peru	289					84		373
Gasoduto Sur Peruano	871,973				(1,120,858)	248,885		34,217
Biocom (c)	8,520	44,137	(9,625)		(35,677)	26,862		34,217
Odebrecht Ambiental Participações	9,322	104				2,074		11,500
Braskem	8,140	24,265	(27,921)					4,484
OTP - Investees	34,811							34,811
Odebrecht Properties - Subsidiaries (i)	89,947							89,947
Odebrecht Energia - Subsidiaries (ii)	37,965	327	(47)					38,292
Odebrecht Realizações	23,883	51						23,887
Other - Assets	50,374	521	(3,772)			451		47,574
Total - Other Group companies	1,201,053	161,542	(107,990)		(1,156,535)	285,786	(35,361)	348,495
Other Assets								
Novonor	914	4,117	(4,117)			263		1,177
OPI	5,582	866	(5,317)					1,131
OSP	367	3,252	(519)					3,100
Odebrecht Properties	1,063	2,124	(1,089)					2,098
Edifício Odebrecht RJ S.A.	88	198						286
Odebrecht Energia	11,237	3,946	(799)					14,384
Ativos		14,311	(1,579)					12,732
Total - Companies under judicial recovery	19,251	28,814	(13,420)			263		34,908
Other OPI consolidated companies	1,312	3,081	(2,010)					2,383
Biocom (c)	14,110	44,892	(24,629)		(26,589)	12,533		20,317
Odebrecht Ambiental Participações	12,195	2,575	(1,120)			1,054		14,704
Braskem	1,004	3,336	(3,155)					1,185
OTP - Investees	34,981	3,980	(4,908)	6,601		248		40,902
Odebrecht Realizações	27,877	5,107	(5,161)					27,823
Ocyan	3,943	3,118	(827)					6,234
Odebrecht Defesa e Tecnologia	1,982	4,948	(573)					6,357
CNOC (Colombia)		829			(14,381)	13,552		
AOT Pipelines S.A.P.I. DE C.V.	1,554					458		2,012
Sociedade de Desenvolvimento Mineiro ("SDM")	126,365	1,827				26,853		155,045
Other - Assets	434	2,445	(2,044)					835
Total - Other Group companies	225,757	76,138	(44,427)	6,601	(40,970)	54,698		277,797
Total Current Assets - other related parties (in R\$)	1,446,061	266,500	(165,837)	6,601	(1,197,505)	340,747	(35,361)	661,206
Total Current Assets - other related parties (in US\$)		51,283	(31,912)	1,270	(230,436)	65,570	(6,805)	127,236

(i) This refers mainly to Arena Pernambuco.

(ii) This refers mainly to Santo Antônio Energia.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

	December 31, 2019	Additions	Disposals	Exchange Variation	Transfers	December 31, 2020
Current liabilities						
Suppliers						
Novonor	10,047	221	(276)	1,267		11,259
OSP	29,508		(3,370)			26,138
Odebrecht Properties	148	6	(112)			42
Edifício Odebrecht RJ S.A.	24,120	12,581				36,701
Atvos	352	440	(11)			781
Total - Companies under judicial recovery	64,175	13,248	(3,769)	1,267		74,921
Braskem México	1,235			364		1,599
Other OPI consolidated companies	874		(257)	294		911
AOT Pipelines S.A.P.I. DE C.V.	16,709			4,924		21,633
Other - liabilities	964	4,363	(2,817)			2,510
Total - Other Group companies	19,782	4,363	(3,074)	5,582		26,653
Advances from Customers						
Other OPI consolidated companies		160,928		(10,040)	(35,361)	115,527
Total - Other Group companies		160,928		(10,040)	(35,361)	115,527
Other Liabilities						
Novonor	242					242
Total - Companies under judicial recovery	242					242
OR	5,230		(21)			5,209
Other - liabilities	119					119
Total - Other Group companies	5,349		(21)			5,328
Total Liabilities - other related parties (in R\$)	89,548	17,611	(6,864)	6,849		107,144
Total Liabilities - other related parties (in US\$)		3,389	(1,321)	1,318		20,618

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(c) Credits with Biocom – Companhia de Bioenergia de Angola Ltd.

The Company, through its direct and indirect subsidiaries in Brazil and abroad, maintains outstanding balances in the balance sheet in the accounts “Accounts receivable from the Novonor Group companies”, “Trade accounts receivable” and “Other assets” in current and non-current assets with the associate Biocom arising from the export of goods and services and loan agreements as additional provisions in the period between 2010 and 2019.

On December 06, 2019, Biocom’s stockholders, together with local Banks (Banco Angolano de Investimentos – BAI, Banco de Fomento Angola – BFA and Banco Econômico – BE) formulated the main terms of the renegotiation of the loans contracted by Biocom, which are documented in the Indicative Fact Sheet (“FIT”), that is confirmed and signed.

The terms of this renegotiation in progress provides for the settlement of the debt with the local banks in a period of 126 months (10.5 years), and only after the settlement of the debt with the local banks can the outstanding balances be settled with stockholders and related parties, in accordance with the financial payment capacity of Biocom.

In this scenario, on December 31, 2019, the Company recorded impairment on its current and non-current assets as a contra-entry to finance result, in the amount of R\$ 1,516,182 – US\$ 376,158, as adjustment to present value, which reflects the expected fair value for the realization of these outstanding balances on that same date.

In 2020, the adjustment to present value, amounting to R\$ 86,944 – US\$ 16,731, was recorded as a contra-entry to the finance result as an expense.

(d) Compensation of key Management Personnel

	December 31, 2020			December 31, 2019		
	Statutory Executive Board	Board of Directors	Total	Statutory Executive Board	Board of Directors	Total
Compensation (a)	5,596	4,154	9,750	5,895	6,349	12,244
Short-term compensation (b)	125	15	140	123	38	161
Benefits – Pension plan	195		195	157	34	191
In R\$	5,916	4,169	10,085	6,175	6,421	12,596
In US\$	1,138	802	1,941			

(a) This is composed of the fixed compensation and variable compensation (bonus and profit sharing), in addition to the respective payroll charges.

(b) This represents the benefits with medical and dental care, meal vouchers and life insurance.

Key management personnel include the members of the Board of Directors and statutory officers of OEC and its subsidiaries CNO and OECI (“Management Members”).

At the Company’s Annual General Stockholders’ Meeting held on May 12, 2020, the total amount related to management compensation, of R\$ 26,092 – US\$ 5,021, was approved for the calendar year 2020 and it includes Short-Term Incentives and Long-Term Incentives of R\$ 7,523 – US\$ 1,448 and R\$ 2,705 – US\$ 521, respectively.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

13 Current and Deferred Income Tax and Social Contribution

Deferred income tax and social contribution are calculated on income tax and social contribution loss carryforwards, the latter related to investments in Brazil, and on temporary differences between the tax bases of assets and liabilities and their carrying amounts. The rates in Brazil, currently established for determining these deferred taxes, are 25% for income tax and 9% for social contribution. The nominal rates in other countries vary from 25% to 35%.

(a) Recognition of Deferred Income Tax and Social Contribution

The breakdown of the deferred income tax and social contribution accounts at December 31, 2020 and December 31, 2019 is as follows:

Nature of the credits	Non-current assets			Non-current liabilities		
	December 31, 2020		December 31, 2019	December 31, 2020		December 31, 2019
	US\$	R\$	R\$	US\$	R\$	R\$
Income tax losses	38,371	199,403	494,570	3,312	17,213	14,096
Social contribution loss carryforwards	1,596	8,292	6,960			
	39,967	207,695	501,530	3,312	17,213	14,096
Temporary differences						
Provisions	121,276	630,235	491,945	426	2,215	3,530
Foreign exchange variation	33,082	171,917	(243,263)	95,803	497,858	167,708
Adjustment to present value	1,549	8,049	(11)			
Government agencies				22,418	116,501	73,849
Other	1,921	9,987	75,316	60,255	313,123	55,585
	197,795	1,027,883	825,517	182,214	946,910	314,768

(b) Recoverability of Recorded Deferred Income Tax and Social Contribution Assets

On December 31, 2020, the Company and its subsidiaries have deferred income tax and social contribution assets mainly related to temporary differences based on the realization of such differences supported by the forecast of future results.

This forecast considers mainly the Company's backlog (the portfolio of revenue that has already been contracted by the Company and its subsidiaries), the new contracts expected for the coming years and the availability, for taxation purposes, of the income accrued by subsidiaries located abroad on the balance sheet date on which they were determined.

(c) Tax Regularization Program – PRT and Special Tax Regularization Program - PERT

In 2017, the Company joined the PRT and PERT tax regularization programs for the purpose of settling the amount of R\$ 2,299,140 (including fine and interest) related to federal tax debts.

The amount will be settled by means of the payment of 24% of the debt in 24 installments and the remaining amount (76%) will be paid with the use of credits from income tax and social contribution tax loss carryforwards, in the amount of R\$ 85,414 – US\$ 16,436, and credits acquired from Novonor Group companies, in the amount of R\$ 1,661,653 – US\$ 319,752.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

In 2018, OEC consolidated the installments and, by December 31, 2020, installments amounting to R\$ 544,806 – US\$ 104,837 had been settled. Of the remaining balance of R\$ 8,098 – US\$ 1,558 recorded in liabilities, R\$ 6,545 – US\$ 1,259 refers to the principal amount adjusted by the Accumulated Basic Selic rate at R\$ 1,553 – US\$ 299.

(d) Ordinary Financing

In April and August 2019, the Company joined the Ordinary Financing to settle income tax and social contribution debts from previous years amounting to R\$ 65,801 – US\$ 16,325 in 60 installments and, by December 31, 2020, the amount of R\$ 20,513 – US\$ 3,947 had been settled. The remaining balance of R\$ 48,205 – US\$ 9,276, recorded in liabilities, R\$ 45,288 – US\$ 8,715 refers to the principal amount and R\$ 2,917 – US\$ 561 refers to the adjustment based on the Accumulated Basic Selic rate.

14 Non-Current Assets Held for Sale and Discontinued Operations

(a) Balance Sheet

		December 31, 2020	December 31, 2019
	US\$		R\$
Concessionária Ruta Del Sol S.A.S ("Rutas del Sol") (i)			175,266
Rutas de Lima SAC ("Rutas de Lima") (ii)	62,220	323,341	261,007
Concessionária Chavimochic S.A.C ("Chavimochic") (iii)	3,599	18,698	16,207
	<u>65,819</u>	<u>342,039</u>	<u>452,480</u>

(i) Ruta Del Sol - On February 22, 2017, the National Infrastructure Agency of Colombia ("ANI") and Concessionária Ruta del Sol entered into an agreement for the rescission and settlement of the Concession Agreement No. 01, of January 14, 2010, as amended on March 27, 2017, and agreed upon a calculation formula, which is subject to the approval of the proper legal authority, for the settlement of the agreement. This agreement also provides the rights and obligations in the transition period and the period for the return of the assets. This Agreement was not performed by ANI and, accordingly, this negotiation was taken to a Local Arbitration Court (Bogota Chamber of Commerce, for the sole purpose of having the Nullity of the Concession Agreement declared, even though it had already been terminated.

On September 14, 2017, the Administrative Court of Cundinamarca established the additional administrative measures required by the Agreement and, on October 20, 2017, ANI and the Concessionaire signed the Contract for the Return and Delivery of the Infrastructure, formalizing the return of the returnable assets, except for 26 safeguards that state that the return has not yet taken place and only the delivery of the infrastructure has. With respect to the returned assets, the Concessionaire has not yet received the payment for the investments made in the projects, which is an act of expropriation.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

On August 16, 2019, the Local Arbitration Court ratified the Arbitration Report in which the Nullity of the Concession Agreement is determined, despite its forfeiture, and, as a consequence, the Court determined the economic effects that arose from the declaration of nullity, for which a biased interpretation of Article 20 of Law No. 1,882 of 2018 was made, adjusting the calculations made by its Expert (Duff & Phelps) and discounting the claims that were not included in the appraisal and the profit that was not distributed by the Concessionaire. In accordance with the Report, the Court-Appointed Expert recognized the investment made and it was validated by the Party-Appointed Expert in the same arbitration proceeding. Notwithstanding, the Court, without any technical support or, at least, with no grounds validated by Experts with knowledge to do so, made adjustments to the investment amount, and this amount is insufficient to pay for the financial obligations and, much less, its stockholders. The amount of the adjustments discounted by the Court must be claimed at international venues, specifically the International Chamber of Commerce ("ICC"), in accordance with the clause for the settlement of disputes in the Contract, which, despite its termination, still prevails.

In addition to the international claim above, the Concessionaire, its stockholders and the banks that financed the project, decided to request the annulment of the court's report. To this end, they prepared, on an independent basis, extraordinary appeals of annulment that were filed on September 30, 2019 and relief actions that were filed on January 15, 2020, and the latter were denied.

On December 31, 2019, the Company recognized an impairment loss on the above mentioned investment in the amount of R\$ 63,947 – US\$ 15,865, based on the appraisal report of the settlement amount presented by Duff & Phelps during the local arbitration proceeding, taking into consideration the following criteria: i) the decision of the local arbitration to make unfavorable adjustments to the investment amount with no technical support or, at least, with no support validated by experts with knowledge to do so; ii) financing banks, stockholders and the Concessionaire filed extraordinary appeals to annul the decision of the local arbitration; iii) filing of relief appeals, which, on the date the impairment was evaluated, had not yet been judged; iv) filing of the international claim with the ICC for the purpose of discussing the arbitration at an impartial court; and v) recognition by the Court-Appointed Expert (Duff & Phelps) of the investment made, which was validated by the Party-Appointed Expert.

Additionally, by December 31, 2020, events that occurred locally, with respect to the Concessionaire, led management to reassess the likelihood of recovery of this investment. This assessment was based on the opening of the judicial liquidation process of the Concessionaire by means of the Court Record established by the number 2020-01-009673, ordered by the Superintendency of Companies ("SS") of Colombia. With respect to the possibilities of recovery of the capital invested in the Concessionaire, the Company's management requested an analysis with an expert in corporate matters who pointed out that stockholders "will only be entitled to the amount that remains after the Concessionaire pays all the liabilities to third parties, including those that were postponed, such as fines, interest and extemporaneous credits, in accordance with the provision in Article 59 of Law No. 1,116 of 2006."

On June 30, 2020, the Company recognized the additional impairment loss on the above mentioned investment in the amount of R\$ 261,041 – US\$ 50,232 although it knew that, in the future, it may recover a portion of the capital invested as a result of the international arbitration.

(ii) Rutas de Lima – On June 28, 2016, Odebrecht Latinvest Peru S.A.C. ("OLI SAC") disposed of 57% of the capital of Rutas de Lima to BIF III Peru Transportation I S.A.C. ("BIF"). In the same transaction, BIF obtained a call option for 25% of the shares of Rutas de Lima held by CNO, a direct subsidiary of the Company. BIF had four years to exercise its call option, which matured on June 28, 2020. Since OLI SAC had filed an arbitration procedure against BIF in order to recover part of the amounts agreed upon in the sale, the Company's management will not proceed with the sales negotiation with BIF.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

Management is in the stage of contracting a financial advisor to negotiate the sale of the investment in Rutas de Lima with interested investors.

(iii) Chavimochic - In 2017, Chavimochic filed a petition for the forfeiture of the concession agreement for a cause that is imputable to the concession authority, without necessarily implying the immediate rescission of the concession agreement, which gave rise to an international arbitration procedure to settle the disputes generated by the default in the concession agreement by the concession authority. In 2018, an Arbitration Court was established, which is currently in progress, in accordance with the procedural calendar, and it is expected to be completed by the end of 2021.

Additionally, management is negotiating the sale of its investment in Chavimochic.

(b) Statement of Income (Operations) for the Year

	Year Ended December 31	
	2020	2019
	US\$	R\$
CNO S.A - Sucursal Venezuela (v)	(276,840)	(1,438,654)
CBPO Ingenieria de Venezuela C.A. (v)	(14,778)	(76,798)
CBPO Ltda. - Sucursal Venezuela (v)	(8,410)	(43,706)
Chavimochic	(98)	(509)
Rutas del Sol	(50,232)	(261,041)
	<u>(350,358)</u>	<u>(1,820,708)</u>
Loss of discontinued operations for the year – per share	<u>(0.027)</u>	<u>(0.139)</u>
		<u>(0.133)</u>

(v) This refers to the discontinuation of the operations of the Company's branch and subsidiary in Venezuela, as presented in Note 1 (d) and the amount of R\$ 1,559,158 – US\$ 300,028 substantially refers to foreign exchange losses on liabilities in foreign currency.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

15 Investments

(a) Information on the Main Investees

	Shares / Quotas directly or indirectly held		Company's interest %		Total assets		Liabilities (Current and Non-current)		Equity (Net capital deficiency)		Revenue		Profit (loss) for the year	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
OSP Investimentos S.A. - Under Judicial Recovery ("OSPIInv") (i) (ii)	816,671,285	816,671,285	41.47	41.47	5,947,814	11,184,631	15,382,459	12,688,757	(9,434,645)	(1,504,125)	40,315	41,598	(4,005,554)	(2,973,103)
SDM (ii)	225,000	225,000	50.00	50.00	11,219	11,219	36,564	37,882	(25,345)	(26,663)			1,318	(260)
CTO - Concessionária Travasse Olmos	40,419,434	23,052,086	36.32	36.32	515,272	453,544	391,459	384,538	123,812	69,006	90,620	74,465	34,481	2,725
Elos Ligações de Alta Velocidade S.A.	65,210	65,220	13.04	13.04	1,034,808	735,069	192,449	136,478	842,359	598,591		44		(3,365)
SPV Andrade Gutierrez Odebrecht	52,500	52,500	50.00	50.00	7,423	85,341	75,130	44,685	67,707	40,656	14,844	43,176	15,909	13,121
Etileno XXI Holding B.V.	18,000	18,000	50.00	50.00	82,622	59,234	321	229	82,305	59,004			4	2,871
Etileno XXI Services B.V.	18,000	18,000	40.00	40.00	135,442	108,149	2,307	26,444	133,135	81,704		22,331	92	19,458
Rutas de Lima	40,941	40,941	25.00	25.00	3,673,856	3,049,300	(2,369,182)	1,939,718	1,312,365	1,102,206	232,052	464,844	8,150	(58,665)
					Total in R\$	11,408,455		13,711,507	(6,898,307)		377,831		(3,945,600)	
					Total in US\$	2,195,327		2,638,503	(1,327,440)		72,706		(759,251)	

(i) OSPIInv – in Judicial Recovery was incorporated on May 29, 2015. It is a closely-held corporation headquartered in São Paulo, State of São Paulo. OSPIInv holds a direct interest in the subsidiaries: OSP (100%), Atvos Agroindustrial Investimentos S.A. – in judicial recovery (82.30%) and Braskem (38.38%).

(ii) On December 31, 2020, these investments present a net capital deficiency. Additionally, the Company's share of the accumulated losses of these companies is higher than the carrying amount of the investment. In accordance with the accounting policies related to the practice of recording losses in associates and jointly-controlled subsidiaries, the Company does not recognize as a liability its share of the additional losses arising from these investments.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(b) Changes in investments and provision for net capital deficiency

Investments - associates	Company's interest %	Country	December 31, 2019	Additions	Disposals	Dividends	Transfer to held for sale assets	Retained earnings (accumulated deficit) adjustments	Equity in the results of investees (a)	Other equity (a) (i)	Translation adjustments	Impairment	December 31, 2020
CTO - Concessionária Travase Olmos	36.32	Peru	25,064						11,782		8,124		44,970
CENTRAD - Conórcio do Centro ADM	5.00	Brazil	15,174						(6,987)	(79)			8,108
Etileno XXI Holding B.V.	50.00	Netherlands	29,501					(2)			11,958	(29,526)	11,931
Etileno XXI Services B.V.	40.00	Netherlands	32,681					(69)	106		20,719	(17,603)	35,834
Grand Parkway	50.00	USA	8,978			(675)			654		3,282		12,239
SPV Andrade Gutierrez Odebrecht	50.00	Gana	20,328						7,954		5,571		33,853
AOT Pipelines	33.34	Mexico	17,061						317		4,463		21,841
ELOS - Ligação de Alta Velocidade S.A.	13.04	Portugal	78,051								31,827		109,878
Kulanda Malls	30.00	Angola	12,833						(3,982)		3,913		12,764
Rutas de Lima (b)	25.00	Peru					(62,334)		12,193		50,141		
Other investments			6,367	2,356	(3,287)	(13,419)		14,030	(8,806)	3,302	2,516		3,059
Total investments - Associates (in R\$)			246,038	2,356	(3,287)	(14,094)	(62,334)	13,959	13,231	3,223	142,514	(47,129)	294,477
Total investments - Associates (in US\$)				453	(633)	(2,712)	(11,995)	2,686	2,546	620	27,424	(9,069)	56,666

Provision for net capital deficiency	Company's interest %	Country	December 31, 2019	Additions	Disposals	Dividends	Transfer to held for sale assets	Retained earnings (accumulated deficit) adjustments	Equity in the results of investees (a)	Other equity (a) (i)	Translation adjustments	December 31, 2020
B.SABOR - Bento Pedroso Const. e Lena	50.00	Portugal	(8,252)						(99)		(3,364)	(11,715)
Biocom	40.00	Angola	(196,105)						14,393		(58,345)	(240,057)
Other			(1,989)	13,378				326	(11,387)		(668)	(340)
Total provision for net capital deficiency (in R\$)			(206,346)	13,378				326	2,907		(62,377)	(252,112)
Total provision for net capital deficiency (in US\$)				2,574				63	559		(12,003)	(48,514)
Net investment			39,692	15,734	(3,287)	(14,094)	(62,334)	14,285	19,361	3,223	80,137	42,365

(a) This refers to Equity in the results of investee in the amount of R\$ 19,361 – US\$ 3,725.

(b) In June 30, 2020 the amount of R\$ 62,334 – US\$ 11,995 was reclassified from the “Non-current assets held for sale” account to the “investments” account in permanent assets related to the investment in Rutas de Lima. It is worth noting that, after the reclassification, the effects from the equity in the results of investees were adjusted from the year that the above mentioned investments were classified as held for sale until December 31, 2020, as provided for in CPC 31. The profit or loss effects for this year were presented in equity in the results of continuing operations. Additionally, as mentioned in Note 14 (ii), management is in the stage of contracting a financial advisor to negotiate the sale of this investment and, accordingly, on this date, it reclassified the investment to the “held-for-sale asset” account again.

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

16 Property and Equipment

	Land	Buildings and Installations	Machinery and Equipment	Vehicles and Ships	Furniture and Fixtures	IT Equipment	Construction in Progress	Other	Total
Cost	32,939	455,641	1,192,558	325,017	151,185	102,109	55,728	354,074	2,669,251
Accumulated depreciation		(135,930)	(868,454)	(254,896)	(112,590)	(86,432)		(303,514)	(1,761,816)
At January 1, 2019	32,939	319,711	324,104	70,121	38,595	15,677	55,728	50,560	907,435
Additions		187	30,615	3,166	3,397	678	83	1,245	39,371
Disposals	(763)	(33,618)	(68,243)	(12,941)	(8,156)	(991)		(5,757)	(130,469)
Transfers			(7,314)	3,299	2,214	1		55,805	54,005
Depreciation		(8,901)	(53,454)	(16,934)	(8,454)	(7,765)		(32,524)	(128,032)
Impairment (i)	(165)	(1,435)	(604)	(1,723)	(4,671)	(256)		(1,940)	(10,794)
Exchange variation	132	(1,048)	(25,858)	(9,227)	3,680	(1,300)		(14,451)	(48,072)
	32,143	274,896	199,246	35,761	26,605	6,044	55,811	52,938	683,444
Cost	32,143	375,311	737,347	250,437	128,087	84,637	55,811	374,754	2,038,527
Accumulated depreciation		(100,415)	(538,101)	(214,676)	(101,482)	(78,593)		(321,816)	(1,355,083)
At December 31, 2019 - R\$	32,143	274,896	199,246	35,761	26,605	6,044	55,811	52,938	683,444
Annual depreciation rates (%)		4	20	25	10	20		up to 10	

(i) Impairment related to assets in Venezuela (Note 1 (d)).

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

(continued)

	Land	Buildings and Installations	Machinery and Equipment	Vehicles and Ships	Furniture and Fixtures	IT Equipment	Construction in Progress	Other	Total
Cost	32,143	375,311	737,347	250,437	128,087	84,637	55,811	374,754	2,038,527
Accumulated depreciation		(100,415)	(538,101)	(214,676)	(101,482)	(78,593)		(321,816)	(1,355,083)
At January 1, 2020	32,143	274,896	199,246	35,761	26,605	6,044	55,811	52,938	683,444
Additions		14	32,470	21,056	2,610	613	2	56,408	113,173
Disposals		(12,020)	(191,870)	(7,550)	(3,322)	(402)		(22,669)	(237,833)
Transfers (i)	9	144	91,422	531	(2,058)	(2)	(55,811)	(34,235)	
Depreciation		(12,282)	(23,156)	(13,058)	(8,149)	(6,105)	2,283	(16,709)	(77,176)
Exchange variation	8,369	77,556	47,973	6,780	4,664	1,436	(1)	(10,356)	136,421
Accounting balance	40,521	328,308	156,085	43,520	20,350	1,584	2,284	25,377	618,029
Cost	40,521	449,348	673,774	273,073	135,676	90,727	2,284	402,621	2,068,024
Accumulated depreciation		(121,040)	(517,689)	(229,553)	(115,326)	(89,143)		(377,244)	(1,449,995)
At December 31, 2020 - R\$	40,521	328,308	156,085	43,520	20,350	1,584	2,284	25,377	618,029
At December 31, 2020 - US\$	7,797	63,176	30,035	8,375	3,916	305	440	4,883	118,927
Annual depreciation rates (%)		4	20	25	10	20		up to 10	

(i) This refers mainly to property and equipment transferred to held-for-sale current assets in June 2020 and subsequently sold in accordance with the agreement entered into on October 2, 2020 between CEL6 and Acciona Construcción S.A., as described in Note 11.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

17 Intangible assets

On December 31, 2020, in view of management's intention to not continue with the implementation of a new integrated operational system, prioritizing other internal control improvements instead, the amount of R\$ 78,460 – US\$ 15,098 was written down as a contra-entry to general and administrative expenses.

The balance, on December 31, 2020, amounting to R\$ 56,406 – US\$ 10,854, is represented mainly by software and is presented net of amortization.

18 Right of Use

(a) Information on the Right of Use

The main transactions of the Company as a lessee relate to offices and equipment. These leases are negotiated on an individual basis and contain several terms and conditions.

The lease payments are discounted based on the rate that is implicit in the contract. If this rate cannot be determined, the supplemental interest rate for loans of the Company is considered, which is equivalent to the rate that the Company would pay if it borrowed money, with a similar term and guarantee, necessary for the obtainment of a similar asset in a similar economic environment and under similar conditions. The Company applied a single discount rate to the lease portfolio, which is equivalent to the market rate.

The right-of-use asset is measured at cost composed of:

- Initially measured lease liability amount;
- Any payment made until the beginning of the lease, net of any incentive received;
- Any direct initial cost; and
- Restoration costs.

(b) Changes in the Right of Use

	Building lease	Machinery and equipment lease	Information technology equipment lease	Total
Cost	81,726	986		82,712
Accumulated amortization				
At January 1, 2019	81,726	986		82,712
Additions	60,132	70	154	60,356
Disposals	(38)	(93)		(131)
Depreciation	(16,611)	(328)	(68)	(17,007)
Foreign currency translation adjustment	596			596
Accounting balance	125,805	635	86	126,526
Cost	142,040	1,296	154	143,490
Accumulated depreciation	(16,235)	(661)	(68)	(16,964)
At December 31, 2019 - R\$	125,805	635	86	126,526
Annual depreciation rates (%)	4	up to 17	20	

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

	Building lease	Machinery and equipment lease	Information technology equipment lease	Vehicles and Ships lease	Total
Cost	142,040	1,296	154		143,490
Accumulated amortization	(16,235)	(661)	(68)		(16,964)
At January 1, 2020	125,805	635	86		126,526
Additions	13,980	75		431	14,486
Disposals	(42,126)	(251)	(86)		(42,463)
Depreciation	(24,304)	(327)		(190)	(24,821)
Foreign currency translation adjustment	1,709				1,709
Accounting balance	75,064	132		241	75,437
Cost	96,327	1,098		467	97,892
Accumulated depreciation	(21,263)	(966)		(226)	(22,455)
At December 31, 2020 - R\$	75,064	132		241	75,437
At December 31, 2020 - US\$	14,445	25		46	14,516
Annual depreciation rates (%)	4	up to 17	20	5	

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

19 Debts

(a) Breakdown of Debts

Financial Institution	Country	Currency	Type of operation	Type	Annual Financial Charges	December 31, 2020	December 31, 2019
						US\$	R\$
Banco Regional do Keve	Angola	KWA	Operational	Short-term debts	Fixed interest 23.80% + EV		8,444
Royal Bank of Scotland	Cayman Islands	US\$	Investment	ECA	Fixed interest 10.25% + EV	8,429	43,801
Landesbank Baden	Dominican Republic	US\$	Investment	Short-term debts	LIBOR + 2.025% + EV	3,597	18,692
Banco Occidental de Descuento	Venezuela	VES	Operational	Long-term debt	Fixed interest 24% + EV		26
Crédito Agrícola Costa Azul	Portugal	€	Operational	Long-term debt	EURIBOR 12M + 2.50%	2,673	13,891
Banco Africano de Investimentos	Angola	KWA	Operational	Short-term debts	Libor 6M + 1.50% p.y Spread (20,59%)	763	3,966
Banco Fomento de Angola	Angola	KWA	Operational	Short-term debts	Fixed interest 19.50% + EV		44,752
Banco Internacional de Crédito	Angola	KWA	Operational	Short-term debts	Libor 6M + 2.00% p.y Spread (21,34%)	1,384	7,192
Banco Millennium Atlântico	Angola	KWA	Operational	Short-term debts	Libor 1M + 2.75% p.y Spread (21,29%)	8,381	43,553
Liberty Mutual Surety	USA	US\$	Operational	Short-term debts	Fixed interest 5.35% + EV	11,930	61,996
Novo Banco	Portugal	€	Operational	Long-term debt	EURIBOR (6M) + Spread 6%	18,757	97,474
Banco do Brasil	Brazil	R\$	Operational	ACC	Fixed interest 7.43%	46,454	241,410
Banco do Brasil	Brazil	R\$	Operational	ACE	Fixed interest 7.43%		12,373
Several foreign financial institutions	Several	US\$			Fixed interest 6.74% + EV	50	261
						102,418	532,237
Abbreviations:							
COP - Colombian Peso	EV - Exchange Variation				Guarantee of Bonds - OFL	749,285	3,893,808
DTF - Deposits to Fixed Terms Rate	VES - Sovereign Bolívars					851,703	4,426,045
EURIBOR - Euro Interbank Offered Rate	US\$ - American Dollar				Current liabilities	830,223	4,314,422
LIBOR - London Interbank Offered Rate	€ - Euro						2,949,084
KWA - Kwanza (Angola currency)	AED - Dirham				Non-current liabilities	21,480	111,623
ECA - Export Credit Agencies	R\$ - Brazilian Reals						80,234
ACC - Advances on Exchange Contracts	ACE - Advance of Export Contract						

On December 31, 2020, the following debts were past due and recorded in the books in accordance with their contractual clauses: Royal Bank of Scotland (RBS) / OOL, Landesbank Baden (LBBW) / CNO RD, / OAL and Banco Occidental de Descuento / CBPO Ingeniería de Venezuela C.A. These amounts are being negotiated with the respective financial institutions so as to establish the new conditions and terms for the amortization of the respective balances.

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(b) Changes in Debts

Countries	December 31, 2019	Additions	Principal amortization	Interest amortization	Provision of interests	Exchange Variation	Provision of guarantees	December 31, 2020
Brazil	193,898		(32,698)		27,002	53,208		241,410
Portugal	79,817		(5,581)		4,852	32,277		111,365
Angola	126,874		(74,487)	(1,200)	2,412	1,114		54,713
USA	53,979	3,476	(11,578)			16,377		62,254
Cayman Islands	32,996				1,250	9,556		43,802
Dominican Republic	13,670				407	4,616		18,693
Venezuela	26					(26)		
Brazil - guarantee of Bonds	2,528,058					765,748	600,002	3,893,808
Total Loan and Finance Debts (in R\$)	3,029,318	3,476	(124,344)	(1,200)	35,923	882,870	600,002	4,426,045
Total Loan and Finance Debts (in US\$)		669	(23,927)	(231)	6,913	169,891	115,458	851,703

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

The balance of debts classified as non-current liabilities mature as follows:

	December 31, 2020	
	US\$	R\$
2022	18,807	97,732
2023	2,673	13,891
	<u>21,480</u>	<u>111,623</u>

The Company's debts are denominated in the following currencies:

	December 31, 2020		December 31, 2019
	US\$		R\$
Local currency (Reais)	46,454	241,410	193,899
Foreign currency (U.S. Dollars)	773,291	4,018,558	2,628,702
Foreign currency (Kwanza)	10,528	54,711	126,874
Foreign currency (Euro)	21,430	111,365	79,817
Foreign currency (Others)		1	26
	<u>851,703</u>	<u>4,426,045</u>	<u>3,029,318</u>

(c) Covenants

The loans and financing agreements of the Company and its subsidiaries are free of financial covenants. The Company has complied with all non-financial covenants.

20 Suppliers and Subcontractors

	December 31, 2020				December 31, 2019
	Current	Overdue - 1 - 90 days	Overdue - 91 - 365 days	Overdue more than 365 days	Total
Brazil	120,521	41,924	60,329	46,090	268,864
Abroad	58,004	183,278	161,414	4,058,304	4,461,000
Total (in R\$)	<u>178,525</u>	<u>225,202</u>	<u>221,743</u>	<u>4,104,394</u>	<u>4,729,864</u>
Total (in US\$)	<u>34,354</u>	<u>43,336</u>	<u>42,670</u>	<u>789,808</u>	<u>910,167</u>
	Current liabilities (R\$)				<u>4,724,593</u>
	Current liabilities (US\$)				<u>909,153</u>
	Non-current liabilities (R\$)				<u>5,271</u>
	Non-current liabilities (US\$)				<u>1,014</u>
					<u>8,519</u>

The Company's working capital is managed so as to link the payments to suppliers with the receipt from customers. Of the amounts that have been due for more than 365 days, nearly 60% is due to suppliers in Venezuela and Peru, and which must follow the working capital management concept adopted by the Company.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

21 Taxes, Fees, Salaries and Social Contributions

		December 31, 2020	December 31, 2019
	US\$		R\$
Labor obligations			
Brazil	21,552	112,001	172,406
Abroad	71,517	371,651	296,147
	93,069	483,652	468,553
Tax obligations (a)			
Brazil	15,842	82,328	84,937
Abroad	54,916	285,382	649,970
	70,758	367,710	734,907
	163,827	851,362	1,203,460
Current liabilities	156,634	813,982	1,153,970
Non-current liabilities	7,193	37,380	49,490

(a) Breakdown by nature of the tax liabilities:

		December 31, 2020	December 31, 2019
	US\$		R\$
Liabilities - payable			
Income tax and Income tax withheld at source	52,227	271,409	517,046
Indirect taxes	2,575	13,381	80,302
Financing (Note 13 (c) and (d))	10,834	56,303	68,180
Payroll charges	1,959	10,180	53,034
Other	3,163	16,437	16,345
	70,758	367,710	734,907

22 Provisions for Tax, Labor, Civil and Others Contingencies

The provisions recognized by the Company and its subsidiaries are related mainly to the discussions existing at the judicial and administrative levels and they are separated by probability of loss based on the assessment of management and internal and external legal advisors as follows:

Probable Obligations – Obligations in which there is a legal obligation (or not) as a consequence of a past event and for which an outflow of funds for their settlement is probable and which can be reliably estimated. For these proceedings, the Company recognized an accounting provision and presents it in a note to the financial statements, as shown in the table below:

			December 31, 2020	December 31, 2019
	Tax, labor and civil contingencies (b)	Agreements (a)	Total	Total
In R\$				
Current liabilities		573,114	573,114	396,486
Non-current liabilities	1,289,222	3,167,056	4,456,278	3,952,303
In US\$				
Current liabilities		110,284	110,284	
Non-current liabilities	248,085	609,436	857,521	

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

- (a) Agreements – they comprise both the agreements that have already been negotiated with the many countries and government entities and the provisions to cover the agreements that are still being negotiated as a result of the Operation Lava Jato whose amounts were determined based on the best estimate of management and the external advisors involved in Brazil and abroad.

- (b) Tax, labor and civil contingencies are:

	US\$	R\$
Tax (i)	153,738	798,931
Labor (ii)	61,767	320,982
Civil	36,469	189,517
	251,974	1,309,430
(-) Judicial deposits	(3,889)	(20,208)
December 31, 2020	248,085	1,289,222
December 31, 2019		722,468

- (i) Tax – Peru's tax authorities have been inspecting the companies Odebrecht Perú Ingeniería y Construcción SAC, Construtora Norberto Odebrecht S.A. – Peru Branch and Consórcio Constructor Ductos Del Sur with respect to income taxes and sales taxes for the period from 2010 to 2014. In accordance with the estimate made by the Company's Legal Department in December 2020, an additional provision estimate was considered to cover these tax claims and recorded on December 31, 2020 in the amount of R\$ 184,917 – US\$ 35,584, and the total amount of the provision is R\$ 471,229 – US\$ 90,679 (December 31, 2019 – R\$ 245,913).
- (ii) Labor - There are many labor claims filed against Company and its subsidiaries, including consortiums, and each concessionaire is responsible for the equivalent to its part quota. Most of the contingencies reported as "possible" are at an initial procedural phase, thus not allowing us to precisely determine what the effective sentence will be because, as it is publicly known, claimants frequently make excessive claims.

Possible Obligations – Obligations in which it is more probable that there will not be an outflow of resources to settle the obligations since it has not yet been confirmed whether or not the Company actually has a present obligation that can lead to an outflow of resources. For these proceedings the Company does not recognize an accounting provision but presents it in a note to the financial statements, as shown in the table below, and the amounts that cannot be reliably estimated are not presented.

	December 31, 2020	December 31, 2019
	US\$	R\$
Tax (iii)	1,437,844	6,670,505
Labor (ii)	83,723	377,261
Civil (iv)	980,256	3,924,413
Total provision for contingencies	2,501,823	10,972,179

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(iii) Tax

- Brazil

On October 17, 2018, CNO was assessed with respect to alleged income tax and social contribution and income tax withheld at source debts in the adjusted amount of R\$ 4,146,909 – US\$ 797,989 related to the disallowance by the Federal Revenue Service of the expenses incurred by CNO's branches abroad, the undue nature of which was proved in the reports of employees and in the leniency agreement signed by Novonor. Despite the nature of the expenses incurred abroad, the Company understands that the charges that are being made have no legal grounds since they conflict with applicable legislation on the calculation of profit abroad.

The defense of this Tax Deficiency Notice was considered groundless by the lower court. In March 2020, the hearing session was held for our new appeal, which was partially accepted to discharge the collection of Income Tax Withheld at Source, and the other part was maintained to be decided by casting vote. Although we have not yet had access to the Sentence, we believe that the outcome will imply a 50% reduction in the amount of the notice. Currently, we are awaiting the notification on the content of the decision so that we can file an appeal at a higher administrative court.

Additionally on December 21, 2017, CNO was served with a tax deficiency notice updated amounting to R\$ 407,153 – US\$ 78,348 for the collection of Income Tax Withheld at Source related to alleged payments without cause made by the branches of CNO abroad over the course of 2012, the undue nature of which was evidenced in the reports of employees and the leniency agreement of Novonor. The Company filed a motion to deny, which was deemed groundless on August 14, 2018, and a Spontaneous Appeal was lodged against the decision. On September 17, 2019, the appeal started to be judged and, at the time, the remand of the records in diligence was determined for the analysis of calculation errors in the assessment, which is still pending a summons.

- México

The tax authority in Mexico ("Servicio de Administración Tributaria – SAT") assessed CNO Mexico Branch for a total approximate amount of R\$ 1,341,551 billion after the completion of an inspection related to Income Tax and IVA for 2014 and 2015. The Company presented, still in the administrative litigation phase, the demandas de nulidade (nullity demands) for both years to the federal Administrative Justice Court (TFJA). The Company challenged the assessments by arguing that the amounts that were unduly considered non-taxed revenue refer to legal and exempt operations, such as remittances of funds by the head office and foreign exchange contracts, and it also pointed out that the assessment by SAT was extemporaneous since Article 50 of the Mexican Federation Fiscal Code determines the period of six months for the notification of the taxpayer about inconsistencies in the determination of taxes. The nullity demands have not yet been judged by the TFJA.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

(iv) Civil

- Brazil

CNO, OECI and CBPO were sued in the sphere of class actions (that is, public civil actions, administrative improbity actions and citizen lawsuits) filed by the Federal Public Prosecution Office and/or by citizens whose subject matter are indemnity claims for alleged damages caused to the public administration and the application of penalties provided for in the laws that regulate the above mentioned actions.

Among these actions, considering the amounts involved: (i) Administrative Improbity Action filed by the São Paulo State Public Prosecution Office against OECI and other companies related to contracts for the performance of Line 5 of the São Paulo Metro. The adjusted amount of the action is R\$ 3,005,805 – US\$ 578,406 and the share related to OECI corresponds to the approximate amount of R\$ 600,000 – US\$ 115,458. Notwithstanding the unfavorable decision rendered by the Court of Justice of São Paulo, the Company and its legal advisors believe that they have solid grounds to reverse the sentence imposed on OECI and this belief was confirmed by the decision of the Superior Court of Justice, which granted a suspensive effect to the special appeals filed by the parties; (ii) Administrative Improbity Action filed by the São Paulo State Public Prosecution Office against CBPO related to the performance of urban cleaning services, the impact of which for the company cannot yet be estimated due to the pending judgment of the appeal and the need to settle the parameters determined in the sentence and (iii) by the Rio de Janeiro State Public Prosecution Office against CNO related to the contract for the performance of the construction works of Line 4 of the Rio de Janeiro Metro, the impact of which for the Company cannot yet be estimated due to the initial stage they are in.

The OEC Group companies are parties to arbitration proceedings that are in progress and involve contingencies to be received and paid, of which some are still at an incipient stage, awaiting the establishment of the Arbitration Court and/or the completion of negotiations that allow for the settlement of the litigations.

Due to the very nature of these proceedings and the stage they are at, the claims contained in them are clearly controversial, arising from obligations assumed in contracts entered into by the OEC Group companies with third party companies and they depend on decisions of arbitration courts to determine responsibilities and, above all, determine the final amounts that must be paid by the parties, which, in most cases, depend on the performance of technical and complex expert tests that involve the fields of engineering, accounting and economics.

The Company contracted law firms whose specialization/recognition is well known to represent its interests in these disputes. Based on the current status and peculiarities of these proceedings, the Company estimates contingencies to be paid in the amount of R\$ 1,378,351 – US\$ 265,236 and contingencies to be received in the amount of R\$ 1,070,135 – US\$ 205,926, and the expectation of realization for all of them is considered possible, which could lead to a final contingency amount payable of R\$ 308,216 – US\$ 59,310.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

- Colombia

The Procuradoria Geral de La Nación (Nation's Public Prosecution Office) filed a public civil action against Concesionaria Ruta Del Sol, their stockholders OLI Colombia (37%), CNO (25.1%), other corporate stockholders and, also, individuals, for alleged violation of collective rights and damage to public assets due to acts of corruption involving the concession agreement. A lower court decision sentenced the respondents to be jointly responsible for compensation in the approximate amount of US\$ 210 million – R\$ 1,089,944 billion. The Company filed an appeal arguing the illegality of the decision and challenging the inadequate criteria used to calculate the compensation. The Company's appeal was accepted in February 2020 only with respect to its devolutive effect and is awaiting judgment.

The Industry and Commerce Department (SIC) started an antitrust investigation by means of an administrative proceeding arising from an alleged anti-competition practice in the procedure for the adjudication of the concession agreement of Ruta del Sol with respect to CNO, OPI, other corporate stockholders and, also, individuals. The defense of the Company and its employees is based on the allegation of non-existence of technical and legal criteria to characterize anti-competition practices. After the completion of the preliminary hearing stage, SIC decided to penalize all of those investigated in the amount of: US\$ 25 million (R\$ 133 million) for CNO, US\$ 25 million (R\$ 133 million) for OPI and a total of US\$ 930,000 (R\$ 4,8 million) for three individuals. The Company and the individuals filed administrative appeals. In the case of an administrative decision confirming the application of penalties, a demanda de nulidad (nullity demand) could be filed, without suspensive effect.

- Venezuela

C.A Metro de Caracas (CAMETRO) filed a proceeding against the Company's indirect subsidiary, CNO Venezuela Branch, with respect to Metro Caracas – Viviendas Mariche – relating to the execution of a guarantee on advances received by CNO Venezuela Branch that have not been amortized, in addition to the alleged non-performance of a contract, whose exposure to loss is estimated at R\$ 198,808- US\$ 38,306. The proceeding is currently in progress in the lower court.

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020
In thousands of reais and U.S. dollars, unless otherwise stated

23 Leases

	<u>January 01, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Payments</u>	<u>Interests</u>	<u>Exchange Variation</u>	<u>December 31, 2019</u>
Brasil	76,917	51,306	(85)	(2,310)	21,644		147,472
Abroad	6,152			(2,144)	664	(148)	4,524
	<u>83,069</u>	<u>51,306</u>	<u>(85)</u>	<u>(4,454)</u>	<u>22,308</u>	<u>(148)</u>	<u>151,996</u>
	<u>January 01, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Payments</u>	<u>Interests</u>	<u>Exchange Variation</u>	<u>December 31, 2020</u>
Brasil	147,472	11,559	(58,841)	(10,506)	26,181		115,865
Abroad	4,524	1,550		(3,468)	1,027	1,370	5,003
	<u>151,996</u>	<u>13,109</u>	<u>(58,841)</u>	<u>(13,974)</u>	<u>27,208</u>	<u>1,370</u>	<u>120,868</u>

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

The balance of leases classified as non-current liabilities mature as follows:

	December 31, 2020	
	US\$	R\$
2022	984	5,113
2023	3,697	19,211
2024	4,544	23,613
2025 and thereafter	8,031	41,737
	<u>17,256</u>	<u>89,674</u>

On July 3, 2020, the Technical Coordination Office of the Accounting Pronouncements Committee (CPC) made public the approval by the members of the CPC, in accordance with the provisions in CFC Resolution No. 1,055/05 and subsequent amendments, of the review of the Accounting Pronouncement CPC 06 (R2) – Leases. The review of the above mentioned document, in the opinion of the Committee, generates accounting reflections that are in conformity with the international accounting rules edited by IASB.

This review establishes amendments to the Accounting Pronouncement CPC 06 (R2) arising from Benefits Related to Covid-19 Granted to Lessors in Lease Contracts.

The Company assessed the lease contracts in effect for the year ending December 31, 2020, and it did not identify material effects arising from the application of this review.

In order to reduce administrative expenses, on November 18, 2020, the Company forwarded to Pinheiros One Investimentos Imobiliários Ltda., the current name of BRZ Pantheon Investimentos Imobiliários Ltda. ("BRZ"), a rental rescission notice for the purpose of informing the intention to return the rented spaces and fully rescind the Rental Agreement for the administrative offices located in the real estate property at Rua Lemos Monteiro, 120 - Butantã, São Paulo, SP, on May 20, 2021.

As from April 2021, the Company's head office will be at the real estate property located at Av. Nações Unidas, 14.401 – Parque da Cidade – Chácara Santo Antônio, São Paulo, SP.

24 Other Liabilities – Current and Non-Current

On December 31, 2020, the balances of other current liabilities are of different natures and dispersed and they consist mainly of contractual provisions related to discussions that are in progress with subcontractors, consortium companies and customers with respect to projects in Brazil and abroad in the amount of R\$ 390,073 – US\$ 75,062 (December 31, 2019 – R\$ 432,598).

On December 31, 2020, the balances of other non-current liabilities are of different natures and dispersed, and the main ones are: i) contractual provisions related to discussions that are in progress with a customer with respect to projects in Brazil with the Company amounting to R\$ 492,790 – US\$ 94,827 (December 31, 2019 – R\$ 336,169)

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

25 Net Capital Deficiency

(a) Capital

On December 31, 2020, the Company's capital of R\$ 9,771,631 – US\$ 1,880,353 is fully subscribed and paid-up entirely by Brazilian corporations and comprised 13,091,490,404, registered common shares with no par value.

(b) Carrying Value Adjustments

This account was established by Law No. 11,638/07 for the purposes of recording the amounts in equity that have not yet been recorded in profit or loss. The effects of these amounts on profit or loss will be recognized upon their effective realization. The changes in this account in the years ended December 31, 2020 and 2019 were as follows:

	Year Ended December 31	
	2020	2019
	US\$	R\$
		(Restated)
At the beginning of the year	283,439	1,472,948
Carrying value adjustments in investees (i)	(2,039)	(10,594)
Reflection effect from foreign investees of monetary restatement (ii)	20,981	109,034
Foreign exchange variation on foreign investments (iii)	363,741	1,890,252
Foreign exchange variation on net investments abroad (iv)	(440,869)	(2,291,069)
At the end of the year	225,253	1,170,571

(i) Refers, basically, to variations on hedges contracted by the indirect investee Braskem.

(ii) In 2019, the change in the reflex effects from the monetary adjustment of foreign investees is tied to the effects of the inflation of the indirect subsidiaries of the Company in Venezuela and Argentina. In 2020, the change corresponds only to inflationary effects of the Company's subsidiaries in Argentina since the Company stopped recognizing the inflationary effects in Venezuela on July 1, 2019, as reported in Note 2.3.

(iii) Refers to the conversion of the balances of foreign investees into the Company's functional currency.

(iv) As mentioned in Note 2.7, in 2020, the Company started to consider some monetary assets and liabilities with a functional currency that is different from the Brazilian real recorded in Brazil arising from operations between companies that are part of the same economic group and that are under joint control for which settlement is not likely to occur, nor is it planned for the foreseeable future, as part of its net investment in foreign operations. The foreign exchange variations arising from these monetary assets and liabilities will start to be recognized in Other comprehensive income within "Accumulated translation adjustments".

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

(c) Loss per Share

	Year Ended December 31		
	2020		2019
	US\$	R\$	
Loss for the year attributable to the Company's stockholders	(1,099,063)	(5,711,501)	(15,466,768)
Weighted average number of shares, per class (In thousands)			
Common shares	13,091,490	13,091,490	11,553,199
Earnings per share			
Common shares	(0.084)	(0.436)	(1.339)

26 Service and Sales Revenue

	Year Ended December 31		
		2020	2019
	US\$		R\$
Services revenues			
Domestic market	254,761	1,323,916	846,565
Foreign market	456,281	2,371,153	4,363,522
	711,042	3,695,069	5,210,087
Sales revenues			
Domestic market	5,700	29,623	8,435
Foreign market	8,277	43,015	16,241
	13,977	72,638	24,676
Taxes and contributions on services and sales	(26,540)	(137,919)	(76,618)
Net services and sales revenues	698,479	3,629,788	5,158,145

27 Expenses by Nature

Year Ended December 31							

(i) This refers mainly to the provision for impairment losses on the Company's assets, as mentioned in Notes 3.1(b) and 8(ii), in the amount of R\$ 1,476,999 – US\$ 284,219, related to trade accounts receivable, taxes recoverable, advances to suppliers and other current and non-current assets arising mainly from receivables maintained in Peru, the United States, Ecuador and Brazil, net of the translation of the balance and profit or loss into the Company's functional currency.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

(ii) This refers mainly to an additional provision for tax contingencies in Peru recorded as General and Administrative and Selling expenses, as mentioned in Note 22, (b) (i), amounting to R\$ 184,917 – US\$ 35,584, offset by net reversals of R\$ 57,578 – US\$ 11,080 related to provisions for tax, civil and labor contingencies.

(a) Breakdown of Outsourced Services by Nature

	US\$	Year Ended December 31	
		2020	2019
			R\$
Subcontractors	(137,668)	(715,420)	(1,739,137)
Rental and maintenance of equipment	(7,193)	(37,379)	(1,904)
Cleaning and surveillance	(3,803)	(19,764)	(28,560)
Transportation	(4,208)	(21,869)	(21,354)
Audit and advisory services	(27,138)	(141,027)	(184,545)
Computers and technology	(358)	(1,863)	(1,485)
Other	(60)	(308)	(697)
	<u>(180,428)</u>	<u>(937,630)</u>	<u>(1,977,682)</u>

28 Financial Result, Net

	US\$	Year Ended December 31	
		2020	2019
			R\$
Income from financial investments	2,918	15,162	28,310
Foreign exchange variation expenses (i)	(163,101)	(847,585)	(178,289)
Financial charges on debts	(10,168)	(52,838)	(22,211)
Lease interest	(5,241)	(27,236)	(22,713)
Provision for guarantees (ii)	(115,458)	(600,002)	(2,403,559)
Bank commissions	(1,351)	(7,019)	(54,539)
Allowance for expected losses from related parties (iii)	(90,082)	(468,131)	(8,162,081)
Adjustment Value Present	(19,071)	(99,104)	(1,534,376)
Others, net	24,126	125,373	(581,697)
	<u>(377,428)</u>	<u>(1,961,380)</u>	<u>(12,931,155)</u>

- (i) Loss on foreign exchange variation arising mainly from liabilities in foreign currency, tied mainly to the U.S. dollar, related to its foreign branches and indirect subsidiaries.
- (ii) As described in Note 1 (b), this arises from the launch of the Consent Solicitation in the market based on the terms and conditions of the Term Sheet and the balance of the provision for guarantee was adjusted based on the fair value of the OFL Bonds, the adjusted amount of which was US\$ 21,135 – R\$ 120,225.

In December 2020, in view of the events that took place, including the issue of the New Notes and the Holdco Instrument, which resulted in the review of the discount rate from 17.8% to 14.8%, the balance of the provision for guarantee was adjusted based on the present value of the new debt assumed whose adjusted amount gave rise to a financial impact of US\$ 100,129 – R\$ 520,340.

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

- The net effect on profit or loss is R\$ 600,002 – US\$ 115,458 and the difference in the amount of R\$ 40,563 – US\$ 7,806 was recorded in the Carrying value adjustments account as an effect of the foreign exchange variation of foreign investees.
- (iii) As mentioned in Note 1 (c), in 2019, the Company's management assessed the need to recognize a provision for impairment of the credits maintained with the companies that are in judicial recovery. Accordingly, on December 31, 2020, the provision arising from the effects of the foreign exchange variation recorded in the year was adjusted.

29 Income Tax and Social Contribution

	Year Ended December 31	
	2020	2019
	US\$	R\$
Current income tax	(1,339)	(23,383)
Current social contribution	(482)	(8,418)
Foreign income tax (branches and subsidiaries) - current	16,379	(486,512)
	14,558	(518,313)
Deferred income tax	(21,459)	167,794
Deferred social contribution	(7,725)	60,406
Foreign income tax (branches and subsidiaries) - deferred	(618)	24,874
	(29,802)	253,074

(a) Income Tax in Brazil and Foreign

In the year ended December 31, 2020, the income tax expense is represented mainly by the taxes generated by the operations of the Company in Brazil R\$ 161,128 – US\$ 31,006 (December 31, 2019 – (R\$ 196,399)), Angola R\$ 32,295 – US\$ 6,215 (December 31, 2019 - R\$ 431,948); Argentina (R\$ 9,065) – (US\$ 1,744) (December 31, 2019 – (R\$ 47,098)), Panama (R\$ 103,940) – (US\$ 20,001) (December 31, 2019 – R\$ 68,957) and Peru R\$ 23,166 – US\$ 4,458 (December 31, 2019 – (R\$ 25,877))

30 Collaterals

The collaterals offered by the Company are stated as presented below:

Type of guarantee	Type	December 31,	
		2020	2019
		US\$	R\$
Corporate guarantee	Bonds OFL (note 1(b))	3,353,310	12,676,527
	Odebrecht Group Companies (i)	196,321	791,310
	FINAME OSP	745	6,305
	Loans	92,224	654,740
	Property and Equipment	298	4,011
	Lease	3,247	14,303
Bank guarantee	Appeal Bond	19,392	103,623
	Performance Bond	58,482	239,634
Guarantee insurance	Advance Payment Bond	236,863	6,817,417
	Performance Bond	838,861	10,841,070
	Performance And Payment Bond	29,674	1,288,355
	Maintenance Bond	290,297	1,665,378
	Other	54,181	550,705
		5,173,895	35,653,378

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

In the process of obtaining and performing contracts in Brazil and abroad, the Company and its subsidiaries use Surety Bonds obtained with the support of Odebrecht Administradora e Corretora de Seguros Ltda. ("OCS"), which is part of the Odebrecht Group, by means of long-term strategic alliances with first-class insurance companies and brokerages in the global insurance market.

- (i) On May 07, 2012, CNO, OAS Engenharia e Construção S.A. In Judicial Recovery ("OAS") and UTC Engenharia S.A. – in judicial recovery ("UTC") entered into an Engineering, Procurement and Construction ("EPC") Contract with Petrobras Netherlands BV – PNBV ("PNBV") for the conversion of the hulls of four (4) Very Large Crude Carriers ("VLCCs") into Floating Production Storage and Offloading ("FPSO") units.

The original amount of the EPC Contract was estimated at US\$ 1,963,207.

On May 7, 2012, CNO, OAS and UTC entered into an Assignment Agreement with PNBV by means of which they assigned their contract position to Enseada since October 4, 2019 ("Enseada"), and remained, before PNBV, jointly responsible for the contractual obligations under the EPC contract.

The EPC contract provides for a limitation of responsibility of ten percent (10%) of the amount of the contract, duly adjusted in accordance with amendments and by inflation. The limitation of responsibility of the parties does not apply in the cases of willful misconduct, gross negligence, fraud, arrears fines or violation of environmental, tax and labor/social security laws.

During the performance of the EPC Contract, many disputes arose between Enseada and PNBV related to compliance with contractual obligations by both parties.

In view of these conflicts, on July 11, 2016, Enseada and PNBV entered into an Agreement on Certain Matters in which the return of the custody of the four hulls to PNBV was established, as well as the waiver, by PNBV, of the right to claim for any damage arising from the pending/incomplete services, damage/arrears fines and damage/fines for non-compliance with local content.

The Agreement on Certain Matters also establishes that Enseada and PNBV will make the best efforts so as to obtain an agreement for the differences that arose from the EPC Contract. The instrument also establishes that any rights of PNBV will only be due and enforceable when there is a final solution for all disputes between Enseada and PNBV, whether due to negotiation/agreement, arbitration or other form of settlement of disputes.

In March 2019, PNBV showed an interest in starting an arbitration proceeding.

Due to the incipient nature of the arbitration proceeding, which is still pending the establishment of an arbitration court, the signing of the mission minutes and the presentation of Enseada's reply and opening allegations, it is not possible to estimate the amounts involved in the guarantee offered by CNO.

- (ii) The surety bonds, in particular those that were offered to public entities as a guarantee for projects in Venezuela, amounting to US\$ 3,066,287,283.04, were written down due to zero exposure since the maturity dates of all the policies had expired for at least one year and had not been used, whether to increase them or decrease them. Additionally, after this period, there has not been:
 - i) Any attempt to execute / use these policies through a notice of non-performance of the contract to the insurance companies (whether at the administrative or judicial level);

Odebrecht Engenharia e Construção S.A. and its Subsidiaries

Notes to the Consolidated Financial Statements at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

- ii) Knowledge of the use of reinsurance for this exposure, nor any request by reinsurers expressing concern with the exposure in Brazil;
- iii) Any request by the insurance companies for a possible compulsory renewal of these guarantees as a way to protect themselves from a non-performance of the contract; and
- iv) Any declaration by the Venezuelan customers regarding the termination of the contracts for their non-performance or the need to extend or renew the policies.

31 Insurance Coverage (Unaudited)

OEC has insurance policies that cover both local and international operations, including engineering risks, general civil liability, Directors & Officers (D&O), Errors and Omissions (E&O), national and international transportation, operational risks, among others. The Company believes that its Insurance Program is consistent with the standards applied to the highest risk management indexes of multinational construction companies that operate worldwide.

The Maximum Indemnity Limits, by event and/or in the aggregate, to cover any claims, in view of the nature of the Company's activity, benchmarks and studies of maximum estimated loss scenarios conducted by specialists, are:

		December 31, 2020	December 31, 2019
	US\$		R\$
Brazil	1,688,742	8,775,883	9,262,223
Abroad	7,086,307	36,825,413	36,489,305
	8,775,049	45,601,296	45,751,528

*Security lines considered for Assets / Projects – Engineering Risks, Operational Risks, Sundry Risks Equipment, Transport and Vehicle Fleet.

**Security lines considered for Liability Insurance – General Civil Liability, Professional Civil Liability, Environmental Civil Liability, Civil Liability Construction Works, and D&O and Life Insurance.

32 Subsequent Events

(a) Bonds OFL (issue of new notes)

As mentioned in Note 1 (b), on January 20, 2021, the creditors that are holders of the OFL Bonds received, as payment for their credits, New Notes and units of the Holdco Instrument and 55% of the debt was issued by ODB Holdco and 45% by OEC Finance. As a result, in January 2021, the provision for guarantee that is currently recorded in the direct and indirect subsidiaries ODB Holdco and OEC Finance will be reversed and the debt will be composed as follows:

Odebrecht Engenharia e Construção S.A.
and its Subsidiaries

Notes to the Consolidated Financial Statements
at December 31, 2020

In thousands of reais and U.S. dollars, unless otherwise stated

				US\$
Company	Principal amount	Interests	Adjustment to present value	Total debt balance
ODB Holdco	1,894,334		(1,887,681)	6,653
OEC Finance	1,549,910	2,025,876	(2,833,154)	742,632
	3,444,244	2,025,876	(4,720,835)	749,285

(b) Partial grant to the appeal on assessment notice

In March 2021, the Company was formally notified of the result of the judgment that partially granted the appeal filed by the Company for the dismissal of the collection of Income Tax Withheld at Source and its accessories in the Assessment Notice drawn up on October 17, 2018, as mentioned in Note 22 (b) (iii). In the same notice, the Company was also notified of the rejection of the appeal filed by the Public Treasury to the Superior Court of Tax Resources (CSFR) making final the decision that dismissed the collection of Income Tax Withheld at Source and its accessories. The current amount of the debt is now R\$ 1,918,925 – US\$ 369,258.

* * *