

**Unión Andina de Cementos S.A.A. & Subsidiaries**

UN-AUDITED Consolidated Interim Financial Statements

As of December 31, 2021, and 2020

**UNION ANDINA DE CEMENTOS S.A.A. AND SUBSIDIARIES**

**Statement of Financial Position**

For the periods ended December 31, 2021 and 2020

(In thousands of Soles)

	Notes	As of December 31, 2021	As of December 31, 2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	399,755	549,185
Other Financial Assets		3,886	11,935
<b>Trade Accounts Receivable and other accounts receivable</b>		<b>649,535</b>	<b>566,988</b>
Trade Accounts Receivable , net	4	530,044	405,526
Other Accounts Receivable , net	4	63,153	120,165
Accounts Receivable from Related Companies	4	31,500	30,611
Advanced payments	4	24,838	10,686
Inventories	5	675,304	576,052
Biological Assets		-	-
Assets by Income Taxes	4	13,945	19,634
Other Non-Financial Assets		21,952	15,498
<b>Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners</b>		<b>1,764,377</b>	<b>1,739,292</b>
Non-current assets or groups of assets for disposal Classified as Held for Sale		-	-
Non-current assets or groups of assets for its classified as held for distribution to owners		-	-
<b>Non-current assets or groups of assets for disposal Classified as Held for Sale or Held for distribution to owners</b>		<b>-</b>	<b>-</b>
<b>Total Current Assets</b>		<b>1,764,377</b>	<b>1,739,292</b>
<b>Non-Current Assets</b>			
Other Financial Assets	3	-	21,708
Investments in subsidiaries, joint ventures and associates		20,961	23,994
<b>Trade Accounts Receivables and other accounts receivables</b>		<b>89,196</b>	<b>55,924</b>
Trade Accounts Receivable		-	-
Other Accounts Receivable	4	86,904	49,540
Accounts Receivable from Related companies		-	-
Advanced payments	4	2,292	6,384
Biological Assets		-	-
Investment Property		-	-
Property, Plant and Equipment , net	7	7,491,689	7,260,394
Intangible Assets , net	8	226,091	219,559
Assets Deferred Income Tax	12(a)	214,006	177,328
Surplus value	9	1,178,802	1,172,139
Other Assets		145,774	146,549
<b>Total Non-current Assets</b>		<b>9,366,519</b>	<b>9,077,595</b>
<b>TOTAL ASSETS</b>		<b>11,130,896</b>	<b>10,816,887</b>

	Notes	As of December 31, 2021	As of December 31, 2020
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Other Financial Liabilities	11	700,255	1,110,123
<b>Trade accounts payable and other payable accounts</b>		<b>855,609</b>	<b>664,759</b>
Trade Accounts Payable	10	556,720	454,876
Other Accounts Payable	10	276,504	171,243
Accounts payable to related companies	10	19,578	22,753
Deferred Income		2,807	15,887
Provision for Employee Benefits		-	-
Other provisions		92,833	54,708
Income tax liabilities		117,123	16,435
Other non-financial liabilities	6(b)y22.1	8,563	9,873
<b>Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale</b>		<b>1,774,383</b>	<b>1,855,898</b>
Liabilities included in asset groups classified as held for sale		-	-
<b>Total Current Liabilities</b>		<b>1,774,383</b>	<b>1,855,898</b>
<b>Non-Current Liabilities</b>			
Other Financial Liabilities	11	3,227,779	3,345,632
<b>Trade accounts payable and other payable accounts</b>		<b>33,388</b>	<b>42,548</b>
Trade Accounts Payable		-	-
Other Accounts Payable	10	33,388	42,548
Accounts payable to related companies		-	-
Deferred Income		-	-
Provision for Employee Benefits		-	-
Other provisions		74,003	63,530
Liabilities Deferred Income Taxes	12(a)	600,846	595,086
Other non-financial liabilities	6(b)y22.1	48,731	61,903
<b>Total Non-Current Liabilities</b>		<b>3,984,747</b>	<b>4,108,699</b>
<b>Total Liabilities</b>		<b>5,759,130</b>	<b>5,964,597</b>
<b>Stockholders' Equity</b>			
Capital Issued	13	1,818,128	1,818,128
Issuance Premiums	13	-38,019	-38,019
Investment shares		-	-
Treasury Shares in portfolio	13	-11,610	-
Other Capital Reserves	13	363,626	363,626
Accrued Results	13	2,557,386	2,253,019
Other Equity Reserves	13	406,577	252,052
<b>Shareholders' equity attribute to the owners of the Parent</b>		<b>5,096,088</b>	<b>4,648,806</b>
Non Controlling interest		275,678	203,484
<b>Total Stockholders' Equity</b>		<b>5,371,766</b>	<b>4,852,290</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>11,130,896</b>	<b>10,816,887</b>

# UNION ANDINA DE CEMENTOS S.A.A. Y SUBSIDIARIAS

## Income Statement

For the periods ended December 31, 2021 and 2020  
(In thousands of Soles)

	Notes	For the specific quarter from October 1, to December 31, 2021	For the specific quarter from October 1, to December 31, 2020	For the cumulative period from January 1st to December 31, 2021	For the cumulative period from January 1st to December 31, 2020
Incomes from ordinary activities	14	1,430,785	1,154,221	5,066,422	3,575,309
Cost of Sales	15	-974,698	-846,382	-3,558,923	-2,728,546
<b>Profit (Loss) Gross</b>		<b>456,087</b>	<b>307,839</b>	<b>1,507,499</b>	<b>846,763</b>
Selling Expenses and distribution		-31,539	-27,342	-109,938	-89,321
Administrative expenses	16	-99,575	-72,050	-325,989	-249,448
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	17	8,756	8,493	69,876	29,282
Other Operating Expenses		-46,836	-15,868	-80,459	-88,787
Other profit (loss)		-	-	-	-
<b>Profit (Loss) from operating activities</b>		<b>286,893</b>	<b>201,072</b>	<b>1,060,989</b>	<b>448,489</b>
Financial Income		3,371	2,005	17,012	8,841
Financial Expenses	18	-55,330	-52,102	-229,071	-230,362
Exchange differences, net		9,382	-2,179	-64,070	-61,118
Share of Profit (Loss) in net results from Equity-Accounted Joint Ventures and related companies		587	665	6,524	1,562
Profit (Loss) arising from the difference between the previous book value and fair value of Reclassified financial assets accounted at fair value		-	-	-	-
Difference between the book value of the distributed assets and the book value of the divided payable		-	-	-	-
<b>Gains before Income tax</b>		<b>244,903</b>	<b>149,461</b>	<b>791,384</b>	<b>167,412</b>
Income tax expenses	12(b)	-61,505	-41,917	-215,186	-51,466
<b>Profit (Loss) Net of Continued Operations</b>		<b>183,398</b>	<b>107,544</b>	<b>576,198</b>	<b>115,946</b>
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
<b>Profit (loss) net of the year</b>		<b>183,398</b>	<b>107,544</b>	<b>576,198</b>	<b>115,946</b>
<b>Profit (Loss) net, attributable to :</b>					
Owners of the Parent		160,001	95,471	498,815	83,071
Non-controlling interest		23,397	12,073	77,383	32,875
<b>Net Profit (Loss) of the Year</b>		<b>183,398</b>	<b>107,544</b>	<b>576,198</b>	<b>115,946</b>

**UNION ANDINA DE CEMENTOS S.A.A. AND SUBSIDIARIES**  
**Statement of Comprehensive Income**  
For the periods ended December 31, 2021 and 2020  
(In Thousands of Soles)

	Notes	For the specific quarter from October 1, to December 31, 2021	For the specific quarter from October 1, to December 31, 2020	For the cumulative period from January 1st to December 31, 2021	For the cumulative period from January 1st to December 31, 2020
<b>Net Profit (Loss) of the year</b>		183,398	107,544	576,198	115,946
<b>Components of other comprehensive income:</b>					
Net Change for Cash Flow Hedges		-	-	-	-
Hedges of a Net Investment in a Foreign Operation		-	-	-	-
Profit (Loss) in equity instrument investments at fair value		-	-	-	-
Exchange difference on translation of Foreign Operations		-	-	-	-
Net variation of non-current assets or groups of assets held for sale		-	-	-	-
Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method		-	-	-	-
Revaluation Surplus		-	-	-	-
Actuarial Gain (Loss) on defined benefit pension plans		-	-	-	-
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		-	-	-	-
<b>Other Comprehensive Income Pre Tax</b>		-	-	-	-
<b>Income tax relating to components of other comprehensive income</b>					
Net Change for Cash Flow Hedges		7,417	4,634	11,352	-6,258
Hedges of a Net Investment in a Foreign Operation		-	-	-	-
Profit (Loss) in equity instrument investments at fair value		-	-	-	-
Exchange difference on translation of Foreign Operations		-73,722	16,183	144,044	130,457
Net variation of non-current assets or groups of assets held for sale		-	-	-	-
Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method		-	-	-	-
Revaluation Surplus		-	-	-	-
Actuarial Gain (Loss) on defined benefit pension plans		-	-	-	-
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		-	-	-	-
<b>Sum of Income Tax-Related Components of other comprehensive income</b>		<b>-66,305</b>	<b>20,817</b>	<b>155,396</b>	<b>124,199</b>
<b>Other Comprehensive Income</b>		<b>-66,305</b>	<b>20,817</b>	<b>155,396</b>	<b>124,199</b>
<b>Total Comprehensive Income for the period , net of income tax</b>		<b>117,093</b>	<b>128,361</b>	<b>731,594</b>	<b>240,145</b>
<b>Comprehensive Income attributable to:</b>					
Owners of the Parent		97,148	113,481	653,340	201,670
Non-controlling interest		19,945	14,880	78,254	38,475
<b>Total Comprehensive Income of the Year, net</b>		<b>117,093</b>	<b>128,361</b>	<b>731,594</b>	<b>240,145</b>

**UNION ANDINA DE CEMENTOS S.A.A. AND SUBSIDIARIES**

**Statement of Cash Flow**

Direct Method

For the periods ended December 31, 2021 and 2020

(In thousands of Soles)

	Notes	As of January 1st, 2021 to December 31, 2021	As of January 1st, 2020 to December 31, 2020
<b>Operating activities cash flows</b>			
<b>Types of cash collections from operating activities</b>			
Sale of Goods and Services		5,740,601	4,286,335
Royalties, fees, commissions and other income from ordinary activities		-	-
Contracts held for brokering or trading purposes		-	-
Lease and subsequent sales of such assets		-	-
Other Cash Receipts Related to Operating Activity		11,034	8,554
<b>Types of cash collections from operating activities</b>			
Suppliers of goods and services		-3,355,392	-2,490,949
Contracts held for brokering or trading purposes		-	-
cash payments to and on behalf of employees		-693,505	-590,393
Elaboration or acquisition of assets to be leased and other assets held for sale		-	-
Other Cash Payments Related to Operating Activity		-330,799	-256,449
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>1,371,939</b>	<b>957,098</b>
Interests received (not included in the Investment Activities)		-	-
Interests paid (not included in the Investment Activities)		-210,520	-219,028
Dividends Received (not included in the Investment Activities)		-	-
Dividends Paid (not included in the Investment Activities)		-	-
Income tax (paid) reimbursed		-149,628	-156,078
Other cash collections (payments)		-	-
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>1,011,791</b>	<b>581,992</b>
<b>Cash flows from Investment activities</b>			
<b>Type of cash collections from investment activities</b>			
Reimbursement of loan repayment and loans granted to third parties		-	-
Loss of control of subsidiaries or other businesses		-	-
Sale of Equity-related Financial Instruments or debt of other entities		-	-
Derivatives contracts (Futures, Forwards or Options)		-	-
Sales of Interest in Joint Ventures, Net of the expropriated cash		-	-
Sale of Property, Plant and Equipment		11,561	5,691
Sale of intangible assets		-	-
Sale of other long- term assets		-	-
Government Subventions		-	-
Interests received		-	-
Dividends received		26,277	-
<b>Type of cash payments from investment activities</b>			
Advances and loans granted to third parties		-	-
Controlling interest of subsidiaries and other businesses		-	-
Purchase of Financial Instruments of equity or debt of other entities		-	-
Derivatives contracts (Futures, Forwards or Options)		-	-
Purchase of Subsidiaries, Net of cash acquired		-	-
Purchase of Joint Venture shares, Net of the cash acquired		-	-
Purchase of Property, Plant and Equipment	7(a)	-341,702	-224,407
Purchase of intangible assets		-5,178	-6,595
Purchase of other long- term assets		-	-
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to Investment activities		32,751	-36,189
<b>Cash flows and cash equivalents from (used in) investing activities</b>		<b>-276,291</b>	<b>-261,500</b>
<b>Cash flows from Financing activities</b>			
<b>Type of cash collections from financing activities</b>			
Loan securing		1,985,106	1,407,623
Changes to the subsidiaries ownership interest not resulting in the loss of control		3,445	-
Share issuance		-	-
Issuance of other Equity Instruments		-	-
Government Subventions		-	-
<b>Type of cash payments from financing activities</b>			
Loan Amortization or Repayment		-2,732,949	-1,272,167
Leasing liabilities		-15,842	-11,125
Changes to the subsidiaries ownership interest not resulting in the loss of control		-4,927	-2,387
Redemption or repurchase of the entities' shares (Shares in the portfolio)		-11,610	-
Acquisition of other equity interest		-	-
Interests paid		-	-
Dividends paid		-123,121	-24,201
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to financing activities		-2,066	-
<b>Cash flows and cash equivalents from (used in) financing activities</b>		<b>-901,964</b>	<b>97,743</b>
<b>Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates</b>		<b>-166,464</b>	<b>418,235</b>
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		17,034	6,613
<b>Increase (Decrease) in Net Cash and Cash Equivalents</b>		<b>-149,430</b>	<b>424,848</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>549,185</b>	<b>124,337</b>
<b>Cash and cash equivalents at end of year</b>	<b>3</b>	<b>399,755</b>	<b>549,185</b>
		-	0

**UNION ANDINA DE CEMENTOS S.A.A. AND SUBSIDIARIES**  
**Statement of change in Stockholder's Equity**  
For the periods ended December 31, 2021 and 2020  
(In Thousands of Soles)

	Other Equity Reserves															Subtotal	Shareholders' equity attribute to the owners of the Parent	Non-controlling Interest	Total Stockholders' Equity
	Capital Issued	Issuance Premiums	Investment shares	Treasury Shares in Portfolio	Other Capital Reserves	Accrued Results	Cash Flow Hedges	Investment Hedges, net of foreign businesses	Investments in equity instruments accounted at fair value	Exchange difference on translation of Foreign Operations	Non-current assets or groups of assets held for sale	Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method	Revaluation Surplus	Actuarial Profit (Loss) on defined benefit pension plans	Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability				
<b>Balance as of January 1, 2020</b>	1,818,128	-38,019	-	-	363,626	2,196,748	-29,215	-	-	162,668	-	-	-	-	-	133,453	4,473,936	166,109	4,640,045
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	1,818,128	-38,019	-	-	363,626	2,196,748	-29,215	-	-	162,668	-	-	-	-	-	133,453	4,473,936	166,109	4,640,045
<b>4. Changes in Stockholders' Equity:</b>																			
5. Comprehensive Income:																			
6. Gain (Loss) for the year						83,071											83,071	32,875	115,946
7. Other Comprehensive Income:						-	-6,656	-	-	125,255	-	-	-	-	-	118,599	118,599	5,600	124,199
8. Comprehensive Income - Total year						83,071	-6,656	-	-	125,255	-	-	-	-	-	118,599	201,670	38,475	240,145
9. Cash Dividends Declared						-23,636											-23,636	-319	-23,955
10. Equity Issuance (reduction)	-	-	-	-	-	-											-	-	-
11. Reduction or amortization of Investment shares	-	-	-	-	-	-											-	-	-
12. Increase (decrease) in Other Contributions by Owners	-	-	-	-	-	-											-	-	-
13. Decrease (Increase) for Other Distributions to Owners	-	-	-	-	-	-											-	-	-
14. Increase (Decrease) due to changes in the subsidiaries ownership interest not resulting in the loss of control	-	-	-	-	-	-											-	-2,387	-2,387
15. Increase (decrease) for transactions with Treasury Shares in Portfolio	-	-	-	-	-	-											-	-	-
16. Increase (Decrease) for Transfer and other Equity Changes	-	-	-	-	-	-3,164											-3,164	1,606	-1,558
Total Equity Increase (decrease)	-	-	-	-	-	56,271	-6,656	-	-	125,255	-	-	-	-	-	118,599	174,870	37,375	212,245
<b>Balance as of December 31, 2020</b>	1,818,128	-38,019	-	-	363,626	2,253,019	-35,871	-	-	287,923	-	-	-	-	-	252,052	4,648,806	203,484	4,852,290
<b>Balance as of January 1, 2021</b>	1,818,128	-38,019	-	-	363,626	2,253,019	-35,871	-	-	287,923	-	-	-	-	-	252,052	4,648,806	203,484	4,852,290
1. Changes in Accounting Policies	-	-	-	-	-	-											-	-	-
2. Correction of Errors	-	-	-	-	-	-											-	-	-
3. Restated Initial Balance	1,818,128	-38,019	-	-	363,626	2,253,019	-35,871	-	-	287,923	-	-	-	-	-	252,052	4,648,806	203,484	4,852,290
<b>4. Changes in Stockholders' Equity:</b>																			
5. Comprehensive Income:																			
6. Gain (Loss) for the year						498,815											498,815	77,383	576,198
7. Other Comprehensive Income:						-	12,211	-	-	142,314	-	-	-	-	-	154,525	154,525	871	155,396
8. Comprehensive Income - Total year						498,815	12,211	-	-	142,314	-	-	-	-	-	154,525	653,340	78,254	731,594
9. Cash Dividends Declared						-192,444											-192,444	-7,018	-199,462
10. Equity Issuance (reduction)	-	-	-	-	-	-											-	-	-
11. Reduction or amortization of Investment shares	-	-	-	-	-	-											-	-	-
12. Increase (decrease) in Other Contributions by Owners	-	-	-	-	-	-											-	-	-
13. Decrease (Increase) for Other Distributions to Owners	-	-	-	-	-	-											-	-	-
14. Increase (Decrease) due to changes in the subsidiaries ownership interest not resulting in the loss of control	-	-	-	-	-	-5,506											-5,506	579	-4,927
15. Increase (decrease) for transactions with Treasury Shares in Portfolio	-	-	-	-11,610	-	-											-11,610	-	-11,610
16. Increase (Decrease) for Transfer and other Equity Changes	-	-	-	-	-	3,502											3,502	379	3,881
Total Equity Increase (decrease)	-	-	-	-11,610	-	304,367	12,211	-	-	142,314	-	-	-	-	-	154,525	447,282	72,194	519,476
<b>Balance as of December 31, 2021</b>	1,818,128	-38,019	-	-11,610	363,626	2,557,386	-23,660	-	-	430,237	-	-	-	-	-	406,577	5,096,088	275,678	5,371,766

# Unión Andina de Cementos S.A.A. & Subsidiaries

## UN-AUDITED Consolidated Interim Financial Statements

As of December 31, 2021, and 2020

### 1. Identification and Economic Activity

Unión Andina de Cementos S.A.A. (hereinafter "the Company" or "UNACEM") was incorporated in December 1967.

As of December 31, 2021, and 2020, the Company is a subsidiary of Inversiones JRPR S.A. (hereinafter "the Principal" and ultimate parent of the economic group), who owns 42.22 percent direct and indirect participation in its capital stock. Inversiones JRPR S.A. has the control of directing the financial and operating policies of the Company.

The registered office of the Company is located at Av. Atocongo 2440, Villa María del Triunfo, Lima, Peru.

The Company's main activity is the production and sale, for local and foreign market, of all types of cement and clinker. For this purpose, the Company owns two plants located in Lima and Junín, whose annual production capacity is 6.7 million tons of clinker and 8.3 million tons of cement.

The consolidated financial statements of the Company and subsidiaries (hereinafter "The Group") for the fourth quarter of 2021 have been issued and approved by Management. The consolidated financial statements of 2020 have been approved by the Group Management.

### Corporate reorganization, change of name and corporate purpose

At the General Shareholders' Meeting held on December 14, 2021, the simple reorganization of the Company was approved, as well as its entry into force as of January 1, 2022.

The simple reorganization project consisted on the segregation of three equity blocks that were approved by the Company to three subsidiaries of 100 percent, without changes in the Company's capital stock or in the control unit: UNACEM Peru S.A., Minera Adelaida S.A. and Inversiones Nacionales y Multinacionales Andinas S.A. (INMA).

UNACEM Peru S.A. is the new company that since January 1, 2022, is dedicated to the production and sale of cement in Peru and clinker export; consequently, all the assets and liabilities related to this economic activity have been transferred to it. The mining concessions not related to the main economic activity of UNACEM Perú S.A. have been transferred to Minera Adelaida S.A. The properties not related to the main economic activity of UNACEM Perú S.A. have been transferred to INMA.

The new structure optimizes in the Company and its subsidiaries, with a long-term value generation strategy for its shareholders; that facilitates the alignment of its operating business units; its focus is the development of talent and the transformation process of the Company and its subsidiaries; with values the knowledge accumulated in its more than 100 years as a leader in the cement market in Peru.

Likewise, at the aforementioned shareholders' meeting, approved the change of name and corporate purpose of the Company, being the new name UNACEM CORP SOCIEDAD ANÓNIMA ABIERTA (UNACEM CORP S.A.A.).

The reorganization also implied a change in the corporate purpose, since the Company became a holding company with investments in cement, concrete, energy, and services. The new corporate purpose of the Company became:

## Notes to the consolidated financial statements (continued)

- (i) Invest in other companies dedicated to the production, manufacture, marketing and sale of clinker, cement, and other construction materials, in the country and abroad; as well as
- (ii) Develop all kinds of intellectual property and technologies related to such activities, as well as to the management of natural resources and circular economy processes, for their exploitation or assignment in use to third parties; and
- (iii) Develop all activities, businesses and operations aimed at the control and/or management of its subsidiaries and the administration of their investments, including the administration of shared services and the transfer of goods, provision of services, including engineering and granting of direct or indirect financing, to its subsidiaries and affiliated companies. Additionally, the Company may invest in other companies incorporated in the country and abroad, dedicated to (i) similar activities and/or that assist, develop or complement its investments in the aforementioned activities; as well as (ii) real estate investments and activities of generation, transmission and/or distribution of electrical energy.

### 1.1 Acquisitions 2021

- (a) UNACEM Chile S.A. (formerly Cementos la Unión S.A. or CLU Chile)

On December 11, 2020, the Company signed with the Spanish companies Cementos La Unión S.A. and Áridos Jativa Sociedad Limitada, and with the Chilean company Inversiones Mel 20 Limitada (hereinafter the "Sellers"), a contract for the acquisition of 100 percent of the shares of UNACEM Chile S.A. (formerly CLU Chile) and 100 percent of the social rights of MEL20 (see note 1.1 (b)), subject to the fulfillment of certain conditions, among which is the approval of the acquisition by the Chilean National Economic Prosecutor's Office (FNE). On February 23, 2021, the purchase operation was approved by resolution of Role FNE F-257-2020 by the Chilean National Economic Prosecutor's Office (FNE). On March 19, 2021, the Company took control of CLU Chile.

On June 25, 2021, Cementos la Unión S.A. changes its company name to UNACEM Chile S.A.

Consequently, the Group acquired 100 percent of the direct and indirect participation of the capital shares of UNACEM Chile S.A., a company domiciled in Chile, which is engaged in the manufacture and sale of cement.

UNACEM Chile has a "San Juan" plant located in the port of San Antonio, Valparaíso Region, with a cement grinding and dispatch capacity of 300,000 t/year, which is fully operational.

The approximate total amount of the operation was US\$23,131,000, which includes the purchase price of approximately US\$3,000, fully paid by the Company and the debt of UNACEM Chile for US\$23,128,000 that was guaranteed by the Company, see note 4(c).

Additionally, on December 29, 2021, the Company capitalized an account receivable amounting to US\$ 23,128,000 (equivalent to S/ 91,992,000 at the time of capitalization) that it had with UNACEM Chile (see note 4(c)) and made a capital contribution in cash amounting to US\$ 7,672,000, increasing the capital share of UNACEM Chile in an amount equivalent to approximately S/ 122,367,000. With said contribution, UNACEM Chile entered into a purchase agreement -sale with Cementos Bio Bio SA and its subsidiaries Bio Bio Cementos SA and Minera Rio Teno SA (unrelated entities) for all the assets that make up the "San Antonio" cement grinding plant, located in the San Antonio district, Valparaíso Region, and exploitation



## Notes to the consolidated financial statements (continued)

rights, concessions or mining belongings on the pozzolana deposit called "Popeta 1 to 30" with an area of approximately 300 hectares.

(b) **Inversiones Mel 20 Limitada (MEL20)**

By virtue of the aforementioned agreement signed on March 19, 2021 (see note 1.1 (a)), UNICON Chile signed with the sellers a contract for the assignment of rights and modification of the company and consequently took control of MEL20 in that same date. The acquisition value was approximately US\$1,000, fully paid by UNICON Chile.

Consequently, the Group acquired 100 percent of the direct and indirect participation of the capital shares of MEL20, a company domiciled in Chile, which is engaged in the purchase, production, transformation of concrete-based construction products, manufacturing and sale of ready-mixed concrete and construction activities in general.

MEL20 has a ready-mix concrete unit with 2 plants located in the Santiago Metropolitan Region with a capacity of 336,000 m<sup>3</sup> / year of ready-mixed concrete and a fleet of concrete mixer trucks, which are in full operation.

On December 30, 2021, UNACEM Chile made a contribution for credits equivalent to 80.29 percent to MEL20, thus becoming the majority shareholder of MEL20 with a total participation of 82.29 percent. As a consequence, UNICON Chile retains a 17.71 percent shares.

The Group acquired UNACEM Chile and Inversiones MEL20 Limitada, as part of the consolidation and diversification strategy of cement, concrete and precast operations in the region. Likewise, it seeks to generate synergies, optimization of expenses and share engineering experience between countries.

As of December 31, 2021, the Group's Management has made its best estimate regarding this operation, generating a negative goodwill for approximately S/ 9,447,000 recognized in results within the caption "Other Income", see note 17; however, according to IFRS 3, the Group's Management has a term of one year from the acquisition date to establish the final fair values of assets and liabilities of UNACEM Chile and MEL20.

### **1.2 COVID-19**

The 2020 and 2021 were years of great challenges for the world and the countries in which the Group operates, as a result of the COVID-19 pandemic. In this context, the Company and its subsidiaries implemented plans of measures that have allowed them to cope with this crisis, having as a fundamental pillar to ensure the safety and health of their employees, and the sustainability of the Company and its subsidiaries and of all its shareholders. Likewise, the governments in which the Group operates continue to take the necessary actions to mitigate the effects of the "third wave" of COVID-19 as well as to safeguard the companies' payment chain.

The Management of the UNACEM Group has been executing the business plan in accordance with the provisions and adjusting the necessary measures in the face of the evolution of the health crisis.

Notes to the consolidated financial statements (continued)

1.3 Information on the structure of the Subsidiaries -

As of December 31, 2021, and 2020, the Company's consolidated statements include the following subsidiaries (figures according to IFRS and before eliminations for consolidation purposes):

Country of Incorporation	Entity	Main economic activity	Percentage of participation				Asset		Liabilities		Net Equity		Profit (loss)	
			2021		2020		2021	2020	2021	2020	2021	2020	2021	2020
			Direct	Indirect	Direct	Indirect	S/ (000)	S/ (000)	S/ (000)	S/ (000)	S/ (000)	S/ (000)	S/ (000)	S/ (000)
Peru	Inversiones Imbabura S.A. and Subsidiaries (i)	Manufacture and sale of cement Concrete	100.00	-	100.00	-	2,176,107	1,947,595	487,172	394,071	1,688,935	1,553,524	114,132	81,798
Unites States	Skanon Investments Inc. and Subsidiaries (ii)	Manufacture and sale of cement Concrete	95.80	-	86.55	8.68	1,875,989	1,473,702	752,255	615,024	1,123,734	858,678	26,834	9,032
Peru	Compañía Eléctrica El Platano S.A. y Subsidiaries (iii)	Electrical energy and power	90.00	-	90.00	-	1,210,011	1,231,393	421,740	486,585	788,271	744,808	43,669	4,931
Peru	Inversiones en Concreto y Afines S.A. y subsidiarias (iv)	Sale of concrete and ready mix	93.38	-	93.38	-	930,334	1,034,771	520,585	624,757	409,749	410,014	61,731	(19,016)
Chile	UNACEM Chile S.A. and subsidiary, see note 1.1 (a)	Manufacture and sale of cement Concrete	99.89	0.11	-	-	263,322	-	139,915	-	123,407	-	(9,976)	-
Peru	Prefabricados Andinos Perú S.A.C. and Subsidiary (v)	Manufacture and sale Precast Concrete	50.00	-	50.02	-	65,306	65,137	53,371	47,176	11,935	17,961	(4,971)	(5,308)
Chile	Prefabricados Andinos S.A. (PREANSA Chile)	Manufacture and sale Precast Concrete	50.00	-	51.00	-	98,197	79,544	84,864	69,405	13,333	10,139	6,667	2,766
Peru	Transportes Lurín S.A.(LURIN)	Investments in securities	99.99	-	99.99	-	1,032	35,166	-	-	1,032	35,166	(14)	(10)
Peru	Generación Eléctrica de Atocongo S.A. (GEA)	Thermal plant operation services	99.85	0.15	99.85	0.15	36,762	33,339	35,933	31,765	829	1,574	(745)	717
Peru	Depósito Aduanero Conchan S.A. (DAC)	Warehouse services	99.99	-	99.99	-	1,963	1,962	1,040	1,346	923	616	(223)	(249)
Peru	Inversiones Nacionales y Multinacionales Andinas S.A.	Real estate business	90.90	9.10	90.90	9.10	18,268	18,266	4,936	4,957	13,332	13,309	23	29
Peru	Vigilancia Andina S.A.(VASA)	Surveillance services	55.50	44.50	55.50	44.50	13,055	15,060	5,944	8,504	7,111	6,556	574	722
Peru	ARPL Tecnología Industrial S.A. (ARPL)	Technical assistance and engineering services	100.00	-	100.00	-	54,260	65,766	7,611	25,149	46,649	40,617	11,683	7,379
Peru	Minera Adelaida S.A. (MINERA)	Holding	99.99	-	99.99	-	359	348	3	204	356	144	(204)	(235)
Peru	Naviera Conchan S.A. (NAVIERA)	Holding	100.00	-	100.00	-	12	10	-	21	12	(11)	(11)	(18)
Peru	UNACEM Perú S.A.	Production and sale of cement	99.99	0.01	-	-	10	-	-	-	10	-	-	-
Unites States	Staten Island Company Inc. and Subsidiaries (ii)	Sale of aggregates	-	-	100.00	-	-	141,370	-	38,265	-	103,105	-	10,899

(i) The subsidiaries of Inversiones Imbabura S.A. (IMBABURA) are: UNACEM Ecuador S.A. (UNICON Ecuador) and Canteras y Voladuras S.A. (CANTYVOL) and Unicon Ucue Cia. Ltda. (UNICON Ecuador).

Through a shareholders' act held on May 10, 2021, UNICON Peru approved the sale of 100 percent of its shares in UNICON Ecuador in favor of IMBABURA for the amount of S/ 41,229,000 (equivalent to US\$ 13,000,000) and dated June 29, 2021, the transfer of participation was registered in the Mercantile Registry Ecuador. Additionally, on July 9, the merger of UNACEM Ecuador as the absorbing company and UNICON Ecuador as the absorbed company was approved and on August 12, 2021, the public deed of "Merger by absorption" was presented to the Superintendencia of Companies of Ecuador, for review and approval, As of December 31, 2021, said approval is still pending.

(ii) The main subsidiaries of Skanon Investments Inc. (SKANON) are: Drake Cement LLC, Sunshine Concrete & Materials Inc., Maricopa Ready Mix LLC., Ready Mix Inc., Desert Ready Mix and Staten Island Company, Inc (SIC) which in turn has the following subsidiaries: Staten Island Holding LLC (SIH), Staten Island Terminal LLC (SIT) and Desert Aggregates (DA).

On May 17, 2021, the Company contributed its shares in Staten Island Co. LLC and subsidiaries in favor of Skanon Investments Inc for approximately S/ 52,637,000 (equivalent to US\$ 16,031,000). Additionally, on June 28, 2021, the Company purchased shares in Skanon Investments Inc. from its subsidiaries Inversiones en Concreto y Afines S.A for S/66,868,000, Transportes Lurín S.A. for S/34,120,000 and ARPL Tecnología Industrial S.A. for S/23,230,000 (equivalent to US\$24,000,000, US\$11,944,000 and US\$6,869,000 respectively).

(iii) The subsidiaries of Compañía Eléctrica El Platano S.A. (CELEPSA) are: Ambiental Andina S.A.C (AMBIAND), Celepsa Renovables S.R.L. (Cere) and Ecorer S.A.C. (ECORER).

(iv) The subsidiary of Inversiones en Concreto y Afines S.A. (INVECO) is Unión de Concreteras S.A. (UNICON Perú), which in turn has the following subsidiaries: Concremax S.A (CONCREMAX), Entrepisos Lima S.A.C. (ENTREPIOS) and Unicon Chile S.A. (UNICON Chile).

(v) The subsidiary of Prefabricados Andinos Perú S.A.C. (PREANSA Perú) is: Prefabricados Andinos Colombia S.A.S (PREANSA Colombia).

## Notes to the consolidated financial statements (continued)

### 2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with the policies considered in the preparation of the Company's audited consolidated financial statements as of December 31, 2020, unless otherwise indicated.

#### 2.1 Basis of preparation -

The Company Consolidated Interim Financial Statements have been prepared according to the IAS 34 Interim financial information issued by the International Accounting Standards Board (IASB).

The Interim Consolidated Financial Statements have been prepared based on a historical cost basis, except for derivative financial instruments and the social benefits for retirement and eviction, that have been measured at fair value, based on the accounting records of each of the subsidiaries in the Group. The Consolidated Interim Financial Statements are presented in soles and all values are rounded to the nearest thousand (S/ 000), except when otherwise indicated.

The interim consolidated financial statements provide comparative information for earlier periods, however, does not include all information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated audited report as of and for the year ended on December 31, 2020.

#### 2.2 Basis of consolidation-

The consolidated interim financial statements include the financial statements of the Company and its subsidiaries as of December 31, 2021, and 2020.

The control criteria that the Group takes into account are described in the notes to the annual consolidated financial statements as of December 31, 2020.

#### 2.3 New accounting pronouncements, interpretations, and modifications -

The accounting policies adopted in the preparation of these interim consolidated financial statements are consistent with the policies considered in the preparation of the audited consolidated financial statements as of December 31, 2020.

The Group has not yet early adopted any standards, interpretations or amendments issued, which is not yet effective.

## Notes to the consolidated financial statements (continued)

### 3. Cash and cash equivalents

(a) This item is made up as follows:

	<b>As of December 31, 2021</b>	<b>As of December 31, 2020</b>
	S/ (000)	S/ (000)
Checking and savings accounts (b)	245,201	210,671
Term deposits (c)	153,159	337,064
Petty cash	1,395	1,450
	<u>399,755</u>	<u>549,185</u>
Financial investments	<u>-</u>	<u>21,708</u>
	<u>-</u>	<u>21,708</u>

(b) Current and savings accounts are maintained in local and foreign currency, kept in local and foreign banks and are freely available. These deposits earn interest at market rates.

(c) Correspond to time deposits held in local and foreign financial entities, mainly in soles and US dollars, which accrue interest at market rates.

## Notes to the consolidated financial statements (continued)

### 4. Trade and other receivable, net

(a) This item is made up as follows:

	Current		Non-current	
	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	S/ (000)	S/ (000)	S/ (000)	S/ (000)
<b>Commercial:</b>				
Trade accounts receivable(b)	513,364	383,565	18,575	16,594
Provision of bills receivable	36,095	32,185	-	-
	<u>549,459</u>	<u>415,750</u>	<u>18,575</u>	<u>16,594</u>
<b>Related:</b>				
Accounts receivable from related parties, note 19(b)	31,500	30,611	-	-
<b>Various:</b>				
Advances to suppliers	24,838	10,686	2,292	6,384
Claims to Tax authority, note 21.3	8,155	7,468	73,632	38,554
Loans to employees	7,660	6,837	8,176	6,682
Claims to third parties	7,237	6,449	-	-
Loans to employees (c)	-	83,678	-	-
Account receivable from the Escrow fund	-	3,374	-	-
Derivative financial instruments, note 22.1(i)	-	-	1,422	-
Other accounts receivable	18,299	14,145	2,855	3,825
	<u>66,189</u>	<u>132,637</u>	<u>88,377</u>	<u>55,445</u>
Tax Credit due to General sales tax	28,660	4,529	819	479
Advance payments of income tax (e)				
Temporary tax on net assets	13,945	19,634	-	-
	<u>42,605</u>	<u>24,163</u>	<u>819</u>	<u>479</u>
	<u>689,753</u>	<u>603,161</u>	<u>107,771</u>	<u>72,518</u>
Less - Expected credit loss (d)	(26,273)	(16,539)	(18,575)	(16,594)
	<u>663,480</u>	<u>586,622</u>	<u>89,196</u>	<u>55,924</u>

(b) Trade account receivables are mainly in Soles and US dollars, have current maturities and do not generate interests. The banks notes receivable has current maturity and earn interest at prevailing market rates.

(c) As described in note 1.1, the Company signed a contract for the acquisition of UNACEM Chile.

## Notes to the consolidated financial statements (continued)

As of December 31, 2020, it corresponds to the loan receivable from Cementos La Unión S.A. (now, Unacem Chile) for the sum of US\$ 23,128,000 (equivalent to approximately S/ 83,678,000), which was granted on December 9, 2020 and was contributed to the company on December 29, 2021, see note 1.1. This operation is eliminated as of December 31, 2021.

- (d) According to the Group Management opinion, the allowance for doubtful accounts covers satisfactorily the loan losses as of December 31, 2021, and 2020.
- (e) As of December 31, 2021, and 2020, the Group performed the evaluation of credit risk exposure in trade and other accounts receivable, see note 22.2.

### 5. Inventories, net

- (a) This item is made up as follows:

	<b>As of December 31, 2021</b>	<b>As of December 31, 2020</b>
	S/ (000)	S/ (000)
Spare parts and supplies	291,297	238,340
Work in progress	202,151	154,520
Raw and auxiliary materials	176,160	175,095
Finished goods	38,886	38,901
Packages and packing	25,628	18,053
Inventory in transit	3,583	10,867
	<hr/>	<hr/>
	737,705	635,776
Allowance for impairment of inventories (b)	(62,401)	(59,724)
	<hr/>	<hr/>
	675,304	576,052
	<hr/>	<hr/>

- (b) In opinion of Company's Management, the allowance for obsolescence of inventories covers appropriately its obsolescence risk as of December 31, 2021, and 2020.

### 6. Usage rights of Asset and Liabilities

- (a) Usage rights of Asset
- (i) As of December 31, 2021, and 2020, the book value amounts to approximately S/24,142,000 and S/22,559,000, respectively; the main leases being the heading of land and miscellaneous equipment.
- (ii) As of December 31, 2021, and 2020, depreciation amounts to approximately S/ 11,728,000 and S/ 10,619,000, respectively; recorded in Cost of sales, administrative expenses and Sales expenses of the consolidated income statement, see note 15 and 16.

## Notes to the consolidated financial statements (continued)

(b) Lease liabilities

(i) This item is made up as follows:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
<b>Classification -</b>		
Current	8,290	9,873
Non-current	16,423	13,105
	<hr/>	<hr/>
<b>Ending Balance</b>	<b>24,713</b>	<b>22,978</b>

### 7. Mining concessions and property, plant and equipment, net

(a) This item is made up as follows:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
<b>Cost -</b>		
<b>Opening Balance</b>	11,208,243	10,710,986
Additions (c)	433,593	279,000
Acquisition of Subsidiaries (d)	151,773	-
Reclassification of spare parts	(6,899)	49,969
Withdrawals, sales and others (e)	(58,403)	(94,016)
Exchange rate impact	266,281	262,304
	<hr/>	<hr/>
<b>Ending Balance</b>	<b>11,994,588</b>	<b>11,208,243</b>
<b>Accumulated depreciation -</b>		
<b>Opening Balance</b>	3,947,849	3,461,672
Depreciation of the period (f)	453,069	429,001
Acquisition of Subsidiaries (d)	57,214	-
Withdrawals, sales and others (e)	(51,091)	(35,397)
Exchange rate impact	95,858	92,573
	<hr/>	<hr/>
<b>Ending Balance</b>	<b>4,502,899</b>	<b>3,947,849</b>
	<hr/>	<hr/>
<b>Net book value -</b>	<b>7,491,689</b>	<b>7,260,394</b>

(b) As of December 31, 2021, and 2020, the book value of the assets acquired through lease and finance leaseback contracts amounts to approximately S/109,491,000 and S/152,511,000, respectively. The leased assets guaranteed financial lease liabilities, see note 11.1.

(c) The additions during the year 2021, correspond mainly to:

(i) Company additions correspond to disbursements made for the projects of the cooler dedusting system, migration of the control system, major maintenance and modernization of the Cenit and Pillard system, made to kiln 2; In addition, the modernization of the substations in the Carpapata 1 and 2 Hydroelectric Power Plant, dedusting and cooling in kiln 3, acquisition of a roller, installation of a valve rack, new bagging machine and palletizers, lime

## Notes to the consolidated financial statements (continued)

production plant, roofing of the clinker, change of reducer in cement mill 6 and calcined clay in kiln 1, corresponding to the Condorcocha plant. Likewise, disbursements made for the projects to change the shell of the cement mill, structural reinforcement and internal modification of chamber No. 4 of the multisilo, change of 2 container elevators, new bagging machine and palletizers, structural reinforcement and modification of chamber No. °1 of the multisilo, fire-fighting system in the electrical sub-stations and main belts, improvement in the electronic variator system of kiln 1, corresponding to the Atocongo plant for a total of approximately S/ 74,415,000.

- (ii) Additions of SKANON subsidiaries for: i) acquisition of machinery and equipment for approximately US\$2,416,000 (equivalent to S/9,604,000), (ii) acquisition of transportation units for approximately US\$8,459,000 (equivalent to S/ 33,623,000) and construction projects Drake Cement for, i) comprehensive mill project for approximately US\$4,317,000 (equivalent to S/17,162,000), ii) new storage construction project for approximately US\$1,562,000 (equivalent to S/6,210,000), iii) crude mill improvements for approximately US\$ 1,156,000 (equivalent to S/ 4,595,000, iv) a new crude mill construction project for approximately US\$ 372,000 (equivalent to S/ 1,477,000) and v) a mechanical workshop construction project for approximately US\$ 1,185,000 (equivalent to S /4,711,000).
- (iii) Additions of works in progress of the subsidiary UNACEM Ecuador for Biomass conditioning project to increase Fuel for approximately US\$797,000 (equivalent to S/ 3,169,000).
- (iv) Additions of the UNICON Peru subsidiaries for i) acquisitions of front-end loaders for approximately S/ 5,714,000 and ii) acquisitions of mixer trucks for S/ 4,991,000 and by Concremax i) plant construction project for the new dry mix of bagged products for approximately S/8,849,000 and ii) overhaul of trucks and machinery and equipment for approximately S/5,222,000.
- (v) Additions of the subsidiary CELEPSA for the acquisition of the Andritz runners for S/ 2,196,000.

The additions during fiscal year 2020 correspond mainly to:

- (i) Additions of the Company correspond to disbursements made for the projects of the dedusting system of kiln 2 cooler including the bag filter, migration of the control system of kiln 2, firefighting system in electrical substations, modernization in Carpapata 1 Hydroelectric Power Plant and 2, major maintenance of kiln 2 and roofing of the clinker field, corresponding to the Condorcocha plant; as well as disbursements made for the project of structural reinforcement and internal modification of chamber 1 and 3 of the multisilo, change of variators in the oil press substation 3 and clinker 1, water installations against fire, fire protection system in electrical substations, system of ecological limestone conveyor belts from Manchay to Atocongo, major maintenance of kiln 1, change of gearboxes in clinker roller press 4, change of control panels of line 2 including migration to Siemens industrial control system and repair of clinker tower 1, corresponding to the Atocongo plant for a total of approximately S/ 69,644,000.
- (ii) Additions of the subsidiary Drake Cement for: i) acquisition of machinery and equipment for approximately US\$ 2,856,000 (equivalent to S/ 10,333,000) and ii) construction projects of a new warehouse and comprehensive mill project for approximately US\$ 6,136,000 (equivalent to S/ 22,199,000).



## Notes to the consolidated financial statements (continued)

- (iii) Additions of the subsidiary Drake Materials for: i) acquisition of machinery and equipment for approximately US\$ 2,499,000 (equivalent to S/ 9,040,000) and ii) plant project for the production of aggregates for approximately US\$ 3,879,000 (equivalent to S/ 14,034,000).
- (iv) Additions of the Desert Ready Mix subsidiary for: i) acquisition of machinery and equipment for approximately US\$ 1,254,000 (equivalent to S/ 4,535,000) and ii) acquisition of mixer trucks and other transportation units for approximately US\$ 1,638,000 (equivalent to S/ 5,928,000).
- (v) Additions of the subsidiary Desert Aggregates for the acquisition of machinery, equipment and loader trucks for approximately US\$ 2,167,000 (equivalent to S/ 7,841,000).
- (vi) Additions of works in progress of the subsidiary UNACEM Ecuador for the construction of grinding station No. 3, engine-crankshaft component, construction of the cement mill chimney and opacimeter, for approximately US\$ 1,481,000 (equivalent to S/ 5,358,000).
- (vii) Additions of the subsidiaries UNICON Peru for: i) acquisition of mixer trucks, front loaders and other equipment acquired under financial lease for approximately S/ 5,878,000 and ii) Overhaul of trucks for approximately S/ 8,723,000.
- (viii) Additions of the subsidiaries CELEPSA and CERE due to social commitments assumed through framework agreements for land purchase for approximately S/ 9,171,000.
- (d) Correspond to assets from companies UNACEM Chile S.A. and Inversiones MEL20 Limitada, see note 1.1.
- (e) During 2021, it mainly includes asset write-offs made by: i) the subsidiary UNICON Peru for sales of mixer trucks and front-end loaders, whose cost and accumulated depreciation amounted to approximately S/14,883,000 and S/14,777,000 and ii) subsidiary DRM for sales of mixer trucks, whose cost and accumulated depreciation amounted to approximately S/24,070,000 and S/23,168,000.

During 2020, it mainly includes asset write-offs for approximately S/57,737,000 related to the suspension of the Atocongo thermal plant projects and the comprehensive plan for the Cristina mining concession because of the COVID-19 pandemic.

- (f) Depreciation has been distributed as follows:

	<b>As of December 31,</b>	<b>As of December 31,</b>
	<b>2021</b>	<b>2020</b>
	S/ (000)	S/ (000)
Cost of sales, note 15	432,436	412,457
Administrative expenses, see note 16	14,562	11,946
Other expenses	4,749	1,210
Selling expenses	121	148
Inventories in process	1,201	3,240
	<u>453,069</u>	<u>429,001</u>

## Notes to the consolidated financial statements (continued)

- (g) As of December 31, 2021, the Group has guarantees on real estate that guarantee bank loans that are detailed below:
- (i) The subsidiary Skanon maintains guarantee contracts on the plant, transportation units and equipment located in the United States of America, which guarantee bank loans, see note 11.1 (a).
  - (ii) The subsidiary UNICON Peru maintains a mortgage of Ancieta and Villa El Salvador plants for up to S/ 100,000,000, with Scotiabank Peru to guarantee the loan obtained with this entity, see note 11.1 (a).
  - (iii) The subsidiary UNACEM Chile maintains a mortgage on the San Antonio plant, for approximately US\$23,000,000, with Banco de Crédito e Inversiones (BCI) to guarantee the loan obtained with this entity, see note 11.1(a).
- (h) During 2021, interest was capitalized for approximately S/ 4,348,000 (S/ 1,708,000 during 2020). The amount of the capitalizable financing costs is determined by applying the capitalization rate to the capital expenses incurred in the rated assets. The rate used to determine the amount of financing costs eligible for capitalization was approximately 4.1 percent as of December 31, 2021 (3.0 percent as of December 31, 2020).
- (i) According to management's opinion, the Group has insurance policies which cover satisfactorily all of its fixed assets.

### 8. Intangible assets, net

- (a) The depreciation was distributed as follows:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Cost of sales, note 15	3,792	4,497
Administrative expenses, see note 16	3,517	2,789
Selling expenses	3,669	402
Other expenses	3,075	4,037
	<hr/> 14,053	<hr/> 11,725

### 9. Goodwill

The goodwill balance as of December 31, 2021, and 2020 is mainly composed by the higher value paid for the acquisition of UNACEM Ecuador S.A that amounts to S/ 1,023,795,000.

## Notes to the consolidated financial statements (continued)

### 10. Trade and other payables

(a) This item is made up as follows:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Trade payable (b)	556,720	454,876
Dividends payable, note 13 (g)	87,846	11,668
Salaries and vacation payable	56,200	52,943
Customer advances	40,998	33,464
Taxes, contributions and labor contributions payable payable	20,800	17,800
Interest payable, note 11 (c) and 11.1 (c)	19,763	21,187
Accounts receivable from related parties, note 19(b)	19,578	22,753
Commitments to communities	16,856	17,621
Value Added to Tax payable	8,223	10,492
Director's remunerations payable	6,681	1,247
Interest on financial instruments payable	2,474	2,198
Other accounts payable	50,051	45,171
	<u>886,190</u>	<u>691,420</u>
<b>Term -</b>		
Current Portion	852,802	648,872
Non- Current Portion	33,388	42,548
	<u>886,190</u>	<u>691,420</u>

(b) Trade account payables are mainly generated, by the acquisition of goods and services to development the Group's operations and correspond to invoices payable to national and foreign suppliers, have current maturity, do not yield interests and do not have guarantees.

The UNICON Perú and CONCREMAX subsidiaries offer their suppliers a program for the payment of their accounts through financial institutions. This program allows suppliers to sell their accounts receivable to financial institutions in a separate negotiated agreement between the supplier and the financial institution, allowing suppliers to better manage their cash flows and reducing their payment processing costs to subsidiaries. These subsidiaries have no direct financial interest in these transactions. All obligations with its suppliers are maintained according to the contractual agreements entered into between the counterparts. As of December 31, 2021, and 2020, the balances related to these operations amount to S/ 96,290,000 and S/ 67,357,000, respectively.

## Notes to the consolidated financial statements (continued)

### 11. Other financial liabilities

(a) This item is made up as follows:

	As of December 31, 2021			As of December 31, 2020		
	Portion Current	Portion Non- Current	Total	Portion Current	Portion Non- Current	Total
	S/ (000)	S/ (000)	S/ (000)	S/ (000)	S/ (000)	S/ (000)
Bonds and long-term debt, note 11.1(a)	468,267	3,227,779	3,696,046	679,405	3,345,632	4,025,037
Bank overdrafts	23,988	-	23,988	278	-	278
Bank loans (b) and (c)	208,000	-	208,000	430,440	-	430,440
	<u>700,255</u>	<u>3,227,779</u>	<u>3,928,034</u>	<u>1,110,123</u>	<u>3,345,632</u>	<u>4,455,755</u>

(b) As of December 31, 2021, bank promissory notes correspond mainly to financing for working capital with fixed interest rates in soles between 0.98 and 2.95 percent per year (in soles between 2.35 and 3.68 percent per year and in dollars between 2.55 and 3.20 percent per year as of December 31, 2020), do not have specific guarantees and are renewed depending on the Group's working capital needs.

As of December 31, 2021, and 2020, the balance by bank is as follows:

		2021 S/ (000)	2020 S/ (000)
<b>Financial entity -</b>			
Banco de Crédito del Perú S.A.	May 2022 and June 2022	208,000	123,000
BBVA Banco Continental S.A.	-	-	217,440
Scotiabank Perú S.A.	-	-	90,000
		<u>208,000</u>	<u>430,440</u>

(c) As of December 31, 2021, and 2020, interest payable on bank promissory notes amounted to approximately S/389,000 and S/2,926,000 and are recorded in the caption "Trade and miscellaneous accounts payable" in the consolidated statement of position. finance, see note 10(a). As of December 31, 2021, and 2020, the interest expenses amounted to approximately S/1,938,000 and S/9,502,000, respectively, and are included in the caption "Financial expenses" of the consolidated statement of income.

## Notes to the consolidated financial statements (continued)

### 11.1 Bank bonds and loans

(a) The balance is detailed below:

	Maturity rate	Guarantee	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
<b>Bonds-</b>				
Bonds of Arizona State (a.3)	September 2035 and November 2035	Letter of credit, see note 21.1(c)	459,770	416,760
Bonds -	March 2023	No guarantees	18,815	60,000
Amortized cost			478,585	476,760
			(11,052)	(11,453)
			467,533	465,307
<b>Bank loans (b) -</b>				
Scotiabank del Perú	October 2024, March 2025 and January 2027	No guarantees	671,547	621,547
BBVA Banco Continental	January 2027	No guarantees	533,357	323,357
Banco de Crédito del Perú – BCP	October 2026	No guarantees	502,500	793,780
Banco Internacional del Perú	January 2027	No guarantees	228,385	488,385
Citibank N.A. (a.1)	October 2025	No guarantees	199,900	181,200
Santander S.A. (a.1)	November 2023	No guarantees	179,910	163,080
Santander S.A.	March 2023	No guarantees	139,930	126,840
Banco de Crédito del Perú – BCP	March 2022 and March 2027	No guarantees	135,932	123,216
Banco de Crédito del Perú – BCP	March 2022	No guarantees	107,546	-
Bank of Nova Scotia (a.1)	September 2025	No guarantees	89,955	103,284
Banco de Crédito e Inversiones (BCI)	June, 2024	Guarantee on property, see note 7 (g)	79,192	-
Scotiabank del Perú	April 2025	Guarantee on property, see note 7 (g)	50,400	72,000
BBVA Banco Continental	December, 2024	No guarantees	28,773	28,773
Citibank N.A. New York	July 2024	No guarantees	27,487	31,559
Banco Internacional del Perú (a.2)	Between March 2023 and September 2023	Reactivating Peru	17,378	39,387
Banco Scotiabank (Chile) (a.1)	August 2022	Letter of credit, see note 21.1(b)	15,887	14,490
BBVA Banco Continental (a.1)	December 2023	Letter of credit, see note 21.1(b)	11,857	11,486
Scotiabank (Chile)	Between March 2022 and October 2023	No guarantees	6,473	15,257
Banco de Crédito del Perú – BCP	-	-	-	102,756

## Notes to the consolidated financial statements (continued)

	Maturity rate	Guarantee	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Scotiabank del Perú	-	-	-	27,180
Banco de Crédito del Perú – BCP	-	-	-	24,571
Banco de Crédito del Perú – BCP (a.2)	-	-	-	11,461
Scotiabank del Perú (a.2)	-	-	-	10,000
Less than S/ 10,000,000	-	-	59,303	70,050
			<u>3,085,712</u>	<u>3,383,659</u>
Amortized cost			(10,577)	(15,800)
			<u>3,075,135</u>	<u>3,367,859</u>
<b>Finance leasebacks -</b>				
Scotiabank (Chile)	March 2024	-	2,283	3,315
Banco de Crédito del Perú S.A.	-	-	-	49,935
			<u>2,283</u>	<u>53,250</u>
Amortized cost			-	(105)
			<u>2,283</u>	<u>53,145</u>
<b>Finance leases -</b>				
Consorcio Transmantaro S.A.	July 2039	-	60,920	55,762
Scotiabank Perú S.A.A.	Between December 2022 and December 2024	-	25,550	26,263
Banco de Crédito e Inversiones (BCI)	November 2027	-	9,487	11,087
Less than S/ 10,000,000	-	-	49,019	45,217
			<u>144,976</u>	<u>138,329</u>
Factoring			6,119	397
<b>Total</b>			<u>3,696,046</u>	<u>4,025,037</u>

## Notes to the consolidated financial statements (continued)

(a.1) The Group entered into swap contracts to reduce the risk of the variable rate related to these loans, see note 22.1 (i) (a) and (ii).

(a.2) As of December 31, 2021, and 2020, the Group maintains a balance of long-term loans for approximately S/ 17,378,000 and S/ 60,848,000, respectively, with various Peruvian local entities, through the Reactiva Peru program created by Legislative Decree No. 1457 in order to respond quickly and effectively to liquidity needs in the face of the impact of COVID-19. Said loan accrues an interest between 0.79 and 1.18 percent annually and matures between May 2022 and September 2023 with a grace period of 12 months.

(a.3) On November 18, 2010, Drake Cement, LCC obtained financing through the issuance of bonds from the Yavapai County Development Authority, Arizona, United States of America, with the purpose of financing part of the investment in the cement plant of said subsidiary for up to an amount of US\$40,000,000 maturing in September 2035 and a monthly interest payment based on a variable interest rate (Securities Industry and Financial Markets Association Index rate). variable plus 3.245 percent, against a maximum interest rate of 12 percent. The bonds are secured by a letter of credit from the bank, see note 21.1 (c).

Additionally, on July 30, 2015, it made a new bond issue, with the purpose of refinancing loans for the construction of the cement plant, paying for the acquisition of assets, materials and facilities up to an amount of US\$75,000,000 with maturity in September. 2035 and a monthly interest payment based on a variable interest rate (Securities Industry and Financial Markets Association Index rate) plus 2.75 and 0.1 percent, against a maximum interest rate of 12 percent. The bonds are secured by a letter of credit from the bank, see note 21.1 (c).

These bonds have the following conditions:

- The subsidiary cannot increase certain debt, for more than US\$ 5,000,000 of the outstanding balance at the time of the bond issue, excluding refinancing.
- To maintain a interest coverage ratio equal or greater than 1.0

In Management's opinion, Drake Cement has complied with the restrictive consideration and financial safeguard required by the state of Yavapai as of December 31, 2021, and 2020.

(a.4) In the Board of Directors dated November 16, 2021, the Company irrevocably offered all the holders of the corporate bonds corresponding to the issue called "Bonos Unión Andina de Cementos S.A.A. - Second Issuance" (the "Bonds"), carried out within the framework of the "Second Program for the Issuance of Debt Instruments", to purchase all of the outstanding Bonds issued within the framework of the aforementioned issue. On November 23, 2021, the partial redemption of 8,237 bonds was made at a price equal to 101.00 percent of the principal. Additionally, on the same date, all accrued interest was paid for approximately S/ 446,000. Also, as a result of the advance payment of the bonds, the Company paid costs related to the partial redemption for approximately S/ 412,000.

(c) The financial covenants applicable to financial liabilities are for quarterly, semi-annual, and annual monitoring and must be calculated based on the separate and/or consolidated financial information of the Company and its subsidiaries and the calculation methodologies required by each financial entity.

## Notes to the consolidated financial statements (continued)

- (i) As of December 31, 2021, the main financial safeguards based on the separated financial information are as follow:

**Unión Andina de Cementos S.A.A.:**

- Maintain an index debt minor or equal to 1.5 times.
- Maintain a debt service coverage ratio greater than or equal to 1.2 times.
- Maintain an interest coverage ratio major o equal to 3.0 times.
- Maintain an index of hedge of debt of financial debt/EBITDA minor to 5.0 times.

**Unacem Ecuador S.A.:**

- Maintain debt service coverage ratio greater than or equal to 1.2 times.
- Maintain a total financial debt ratio between EBITDA less than or equal to 3.75 times.

**Unión de Concreteras S.A.:**

- Maintain debt service coverage ratio greater than or equal to 1.2 times.
- Maintain a total financial debt ratio between EBITDA less than or equal to 2.5 times.

**Concremax S.A.:**

- Maintain a debt service coverage ratio greater than or equal to 1.25 times.
- Maintain an index of hedge of debt of financial debt/EBITDA minor or equal to 2.5 times.

**Unicon Chile S.A.:**

- Maintain a debt service coverage ratio greater than or equal to 1.0 times.
- Maintain an index debt minor or equal to 1.8 times.
- Maintain an index of hedge of debt of financial debt/EBITDA minor or equal to 3.5 times.

**Prefabricados Andinos Perú S.A.C:**

- Maintain a leverage ratio less than or equal to 1 time.
- Maintain a debt ratio less than or equal to 2.5 times.
- Maintain debt service coverage ratio greater than or equal to 1 time.

- (ii) As of December 31, 2021, the main financial safeguards based on the consolidated financial information are as follow:

**Unión Andina de Cementos S.A.A. & Subsidiaries:**

- Maintain an index debt minor or equal to 1.5 times.
- To maintain a debt service coverage ratio greater than 1.10 times for the year 2021 and 1.20 times from year 2022 onwards
- To maintain a debt coverage ratio or financial debt / EBITDA less than or equal to 4.75 times for the year 2021 and 4.0 times for the year 2022 and 3.75 times from the year 2023 onwards.

**Skanon Investments Inc. and Subsidiaries:**

- Maintain a leverage ratio of less than 1.0 time.

As of December 31, 2021, the Company and its subsidiaries have complied with their financial safeguards, except for Unicon Chile and PREANSA Peru, whose obligation expires in the short term. As of December 31, 2020, the Company, GEA and PREANSA Peru do not comply with some of their financial covenants, the Company and its aforementioned subsidiaries obtained the waivers



## Notes to the consolidated financial statements (continued)

duly approved and granted by the creditor banks, so that the breach of the safeguards does not constitute "Default" or "Event of default", (as established in the respective loan agreements).

- (c) As of December 31, 2021, and 2020, interests payable related to bonds and long and medium-term debt are amounted to approximately S/19,374,000 and S/18,261,000, respectively and are recorded in the caption "Trade and other payable", of the consolidated statement of financial position, note 10(a).

The interest generated by bonds and debt with banking entities in the medium and long term maintained for the years ended on December 31, 2021, and 2020, amounting approximately S/ 168,348,000 and S/ 184,515,000, respectively, and are included in the item "Financial costs" of the consolidated income statement.

- (d) As of December 31, 2021, the Group maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 2.26 to 8.06 percent. Bank loans in dollars are at a variable rate plus a margin (3-month Libor rate and 1-month Libor plus a margin that fluctuates between 1.22 to 2.60 percent) and at a fixed rate between 0.85 and 12 percent.

As of December 31, 2020, the Group maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 2.52 to 8.06 percent. Bank loans in dollars are at a variable rate plus a margin (3-month libor and 1-month libor plus a margin that fluctuates between 1.5 to 2.60 percent) and at a fixed rate between 1 to 12 percent.

### 12. Income tax

- (a) The following table presents the composition of the caption, in accordance with the difference:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
<b>Deferred Assets -</b>		
<b>Opening Balance</b>	358,170	310,095
Consolidated income statement impact	3,858	28,358
Charges to comprehensive income	(6,067)	2,017
Acquisition of Subsidiaries, see 1.1.	3,016	-
Exchange rate impact	17,458	17,145
Others	-	555
<b>Ending Balance</b>	<u>376,435</u>	<u>358,170</u>
<b>Deferred liabilities -</b>		
<b>Opening Balance</b>	(775,928)	(807,864)
Consolidated income statement impact	35,473	40,275
Acquisition of Subsidiaries, see 1.1.	(13,659)	-
Exchange rate impact	(9,161)	(8,339)
<b>Ending Balance</b>	<u>(763,275)</u>	<u>(775,928)</u>
<b>Total net liability for deferred income tax</b>	<u>(386,840)</u>	<u>(417,758)</u>

## Notes to the consolidated financial statements (continued)

- (b) The expense of the provision for income tax is made up as follows:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Current	(264,196)	(124,302)
Deferred	39,331	68,633
Compensation for tax loss	13,795	7,288
Royalty Expenses	(4,116)	(3,085)
	<u>(215,186)</u>	<u>(51,466)</u>

### 13. Net Equity

- (a) Capital issued-

As of December 31, 2021, and 2020, the capital stock is represented by 1,818,127,611 common shares totally subscribed and paid at a nominal value of S/ 1 per share. The common shares representing the Company's capital stock are traded on the Lima Stock Exchange.

The shareholding composition of the Company is as follows:

Shareholders	As of December 31, 2021	
	Number of shares	Percentage of participation %
Inversiones JRPR S.A.	456,669,897	25.12
Nuevas Inversiones S.A.	459,129,497	25.25
AFP's	476,657,910	26.22
Others	425,670,307	23.41
	<u>1,818,127,611</u>	<u>100.00</u>

As of December 31, 2021, the share price of each common share has been S/2.40 (S/ 1.55 as of December 31, 2020).

- (b) Additional share-

Corresponds to the variation between the capital increase carried out by the merger of the Company with Sindicato de Inversiones y Administración S.A., Inversiones Andino S.A. and Inmobiliaria Pronto S.A. and registered equity.

- (c) Treasury shares -

At a Board meeting on August 20, 2021, a program to purchase its own shares was approved for up to S/ 34.6 million, not to exceed 2 percent of its own shares issued and within the term that expires on December 31 of 2021. The shares that are acquired will be kept in the portfolio for a maximum period of two years and as long as they remain in the portfolio, all their rights will be suspended. The program could be extended and / or modified by the Company's Board of Directors.

As of December 31, 2021, the Company holds 7,289,000 shares in treasury equivalent to S / 11,610,000. As of December 31, 2020, the Company did not hold treasury shares.

## Notes to the consolidated financial statements (continued)

- (d) **Legal reserve -**  
Under the terms of the General Corporation Law, it is required that at least 10 percent of the distributable profit for each year, less income tax, must be transferred to a legal reserve until such reserve equals to 20 percent of the share capital. The legal reserve may offset any losses or may be capitalized, existing in both cases the obligation to replenish it. As of December 31, 2021, and 2020, the legal reserve was capped at 20 percent of the issued capital.
- (e) **Unrealized results-**  
Corresponds to changes in the fair value of hedging financial instruments and the reserve on financial assets measured at fair value, both net of their tax effect, see note 22.1 (j)(a).
- (f) **Results by translation -**  
Mainly corresponds to the exchange difference resulting from the translation of the financial statements of foreign subsidiaries to the Group's presentation currency.

The effect on the consolidated statement of comprehensive income for the years 2021 and 2020 attributable to controlling equity amounted to a gain of S/142,314,000 and S/125,255,000, respectively.

- (g) **Dividend distributions -**  
The information on the dividends distributed as of December 31, 2021, and 2020 is as follows:

### Dividends 2021:

Directors Board session date	Dividends declared and paid S/ (000)	Due date	Dividends per common share
As of February 24, 2021	23,636	30.03. 2021	0.013
As of April 23, 2021	23,636	12.05. 2021	0.013
As of June 21, 2021	36,362	23.07. 2021	0.020
As of October 27, 2021	36,362	30.11. 2021	0.020
As of December 14, 2021(*)	72,448	18.01. 2021	0.040
	192,444		

(\*) Approved at the General Meeting of Shareholders of Unacem S.A.A. dated 12.14.2021

### Dividends 2020:

Directors Board session date	Dividends declared and paid S/(000)	Due date	Dividends per common share
January 1, 2020	23,636	04.03. 2020	0.013
	23,636		

As part of the measures in the face of the COVID-19 emergency, in April 2020 the Company decided to suspend the quarterly distribution of dividends to shareholders.

## Notes to the consolidated financial statements (continued)

Through the General Shareholders' Meeting held on December 14, 2021, it was agreed to replace the dividend policy approved by the Annual Mandatory Meeting on March 31, 2015, with a new dividend policy, consisting of the distribution, as of this agreement, of quarterly dividends in cash, in soles or in US dollars, within a range between US\$0.005 and US\$0.010 per share issued by the Company, charged to retained earnings, beginning with the oldest and ending with the most recent.

Likewise, during fiscal year 2021, the subsidiaries of UNACEM Ecuador, Entrepisos, Inveco Ambiental Andina distributed dividends to their non-controlling shareholders for approximately S/286,000, S/2,536,000, S/ 3,990,000 and S/ 206,000, respectively. During fiscal year 2020, the subsidiary of UNACEM Ecuador distributed dividends to its non-controlling shareholders for approximately S/319,000.

As of December 31, 2021, the Group maintains a balance pending payment of dividends for approximately S/ 87,846,000 (S/ 11,668,000 as of December 31, 2020), see note 10 (a).

### 14. Net sales

This item is made up as follows as of December 31:

	<b>2021</b> S/ (000)	<b>2020</b> S/ (000)
<b>Segments</b>		
Cement Sales	2,940,125	2,077,972
Concrete	1,908,371	1,305,622
Electrical energy and power	199,884	173,901
Other Services	18,042	17,814
	<u>5,066,422</u>	<u>3,575,309</u>
<b>Time of revenue recognition</b>		
Assets transferred at a point in time	4,753,146	3,318,184
Service performance at a point in time	313,276	257,125
	<u>5,066,422</u>	<u>3,575,309</u>

## Notes to the consolidated financial statements (continued)

### 15. Cost of sales

This item is made up as follows as of December 31:

	<b>2021</b>	<b>2020</b>
	S/ (000)	S/ (000)
Ending balance of finished goods and work in process, note 5(a)	193,421	354,805
Cost of production:		
Consumption of raw material	874,932	604,806
Personnel expenses	618,771	485,776
Fuel	558,369	288,011
Depreciation, see note 7(f)	432,436	412,457
Maintenance cost	262,102	168,746
Transport and Freight	180,956	113,485
Electrical Energy	146,678	99,717
Container Consumption	110,858	82,533
Depreciation - Right in use, see note 6 (a)	11,097	9,868
Stripping costs (clearing)	11,028	4,267
Depreciation for stripping cost	7,144	3,126
Amortization, see note 8(a).	3,792	4,497
Royalty Expenses	3,514	2,323
Estimate for expected credit loss, note 4 (a)	760	-
Other manufacturing expenses	379,928	268,779
Ending balance of finished goods and work in process, note 5(a)	(241,037)	(193,421)
	<u>3,554,749</u>	<u>2,709,775</u>
Estimate for impairment of inventories, note 5 (a)	4,174	18,771
	<u>3,558,923</u>	<u>2,728,546</u>

### 16. Administrative expenses

This item is made up as follows as of December 31:

	<b>2021</b>	<b>2020</b>
	S/ (000)	S/ (000)
Personnel expenses	168,186	125,494
Services rendered by third parties	71,188	57,518
Wide range of Load management	23,495	15,508
Donations	21,717	13,864
Depreciation, note 7(f)	14,562	11,946
Taxes	13,636	12,465
Amortization, see note 8(a).	3,517	2,789
Estimate for expected credit loss, note 4 (a)	1,585	5,136
Depreciation - Right in use, see note 6 (a)	592	732
Others	7,511	3,996
	<u>325,989</u>	<u>249,448</u>

## Notes to the consolidated financial statements (continued)

### 17. Other income

As of December 31, 2021, the Company received dividends from its related Ferrocarril Central Andino S.A. for approximately S/20,878,000, see note 19(a).

Likewise, as indicated in note 1.1 because of the acquisition of UNACEM Chile and MEL20, the Group has recognized a negative goodwill for approximately S/ 9,447,000.

### 18. Financial expenses

As of December 31, 2021, and 2020, this item is mainly comprised of interest on bonds issued and debts with banks for S/ 170,286,000 and S/ 194,017,000, respectively (see note 11 (c) and 11.1 (c)).

### 19. Related parties' transactions

(a) The main transactions with related entities as of December 31, 2021, and 2020 were as follows:

	2021 S/ (000)	2020 S/ (000)
<b>Income -</b>		
<b>Cement Sales -</b>		
La Viga S.A.	474,850	366,661
Asociación UNACEM	140	104
<b>Dividend Income -</b>		
Ferrocarril Central Andino S.A.	20,878	-
Master Builders Solutions Peru S.A.	3,553	-
<b>Costs and / or expenses -</b>		
<b>Purchase additives-</b>		
Master Builders Solutions Peru S.A.	48,763	34,040
<b>Commissions and freight costs of cement sales -</b>		
La Viga S.A.	29,793	22,734
<b>Other expenses -</b>		
Master Builders Solutions Peru S.A.	4,200	3,808
Compañía de Inversiones Santa Cruz S.A.	132	48
<b>Other income -</b>		
Master Builders Solutions Peru S.A.	1,423	1,427
La Viga S.A.	201	190
Asociación UNACEM	252	250

## Notes to the consolidated financial statements (continued)

- (b) As a result of these and other minor transactions, the Group kept the following balances with its related entities as of December 31, 2021, and 2020:

	<b>2021</b> S/ (000)	<b>2020</b> S/ (000)
<b>Account receivables, note 4(a)</b>		
La Viga S.A.	30,252	29,428
Master Builders Solutions Peru S.A.	302	242
Other minors	946	941
	<u>31,500</u>	<u>30,611</u>
<b>Account payables, note 10(a)</b>		
Master Builders Solutions Peru S.A.	16,151	18,873
La Viga S.A.	3,415	3,849
Other minors	12	31
	<u>19,578</u>	<u>22,753</u>

- (c) The Group conducts its operations with related entities under the same conditions as those made with third parties, therefore there is no difference in pricing policies or the settlement of tax base, in relation to the payment, and they do not differ with the policies issued to third parties.
- (d) The total compensation paid to the Group's directors and key members of management as of December 31, 2021 and 2020 is amounting to approximately S/29,976,000 and S/14,081,000 respectively, which include short-term benefits and compensation for time served.

### 20. Earnings per share

Basic earnings per share are calculated by dividing net income for the year by the weighted average number of common shares outstanding during the year.

The calculation of the weighted average number of shares and the basic and diluted earnings per share is presented below:

	<b>As of December 31, 2021</b> S/ (000)	<b>As of December 31, 2020</b> S/ (000)
<b>Numerator</b>		
Earning attributable to common shares	<u>498,815</u>	<u>83,071</u>
	<b>In thousands</b>	<b>In thousands</b>
<b>Denominator</b>		
Average number of common shares outstanding	<u>1,818,128</u>	<u>1,818,128</u>
Basic and diluted earnings per share (stated in Soles)	<u>0.274</u>	<u>0.046</u>

## Notes to the consolidated financial statements (continued)

### 21. Commitments and contingencies

#### 21.1 Financial and Purchase Commitments -

- (a) As of December 31, 2021, the Company and its subsidiaries kept the following letters of guarantee:
- Guarantee letter in favor of the Ministry in favor of the Ministry of Energy and Mines (MEM), issued by the Banco de Crédito del Perú, for a total of approximately US\$ 1,904,000, equivalent to S/ 7,616,000 due in January 2022, to guarantee compliance with the Mine Closure Plan for its mining concessions (US\$ 1,678,000 equivalent to S/ 6,071,000 maturing in January 2021 to December 31, 2020).
  - Guarantee letter in favor of the Ministry of Production, issued by the Banco de Crédito de Perú, for a total of approximately US\$4,608,000 equivalent to S/15,504,000 due in January 2022 and S/2,919,000 due in December 2022, to in order to guarantee compliance with the Mine Closure Plan of its mining concessions (As of December 31, 2020, US\$4,123,000 equivalent to S/14,917,000, expiring in January 2021).
  - Guarantee letter in favor of third parties for a total of S/1,604,000, due during the year 2022 (as of December 31, 2020, S/ 1,306,000 due during the year 2021).
- (b) The subsidiaries maintain the following guaranteed letters:
- Guarantee letter issued by financial institutions negotiated by UNICON in order to ensure the supply of concrete to certain customers, as of December 31, 2021, for approximately S/ 100,755,000 (S/ 81,784,000 as of December 31, 2020).
  - Guarantee letter issued by financial institutions negotiated by UNICON in order to ensure the supply of concrete to certain customers, as of December 31, 2021, for approximately S / 2,797,000 (S/ 1,302,000 as of December 31, 2020).
  - Guarantee letter negotiated by Deposito Aduanero Conchán with some financial institutions in order to ensure their obligations generated in the exercise of their functions as a bonded warehouse in accordance with the General Customs Law, its regulations and other applicable administrative provisions, as of for US\$ 200,000, approximately equivalent to S/ 400,000 (US\$ 200,000, equivalent to S/ 362,000 as of December 31, 2020).
  - Guarantee letter to Consorcio Transmantaro S.A. requested by CELEPSA for a total of US\$3,000,000, maturing in July 2022 issued by Scotiabank Peru in order to guarantee the contract for electric power transmission for facilities of the complementary transmission
  - On September 23, 2016, the bank Scotiabank Chile approved a credit line up to US\$4,000,000, in favor of PREANSA Chile, the same that is guarantee through of the letter of guarantee of PREANSA Perú issued by the Scotiabank Perú S.A.A. With a maturity date on September 2022.
  - On December 13, 2016, BBVA Colombia approved a credit line of up to US\$3,550,000 in favor of PREANSA Colombia, which is guaranteed through a letter of credit from PREANSA Perú issued by BBVA Banco Continental with a maturity date on January 2023.



## Notes to the consolidated financial statements (continued)

- As of December 31, 2021, the subsidiary Vigilancia Andina S.A. maintains guarantee letters issued by financial institutions, guaranteeing the payment of staff remunerations under labor intermediation to clients for S/ 2,661,000 (S/ 2,514,000 as of December 31, 2020).
- (c) Guarantees for the payment of financial obligations:
- Letter of credit for US\$40,447,000, dated November 18, 2010 and amended on November 10, 2020, between Banco de Nova Scotia US Operations (issuer) and US Bank National Association (trustee), the latter entity dated November 1, 2010 entered into a trust agreement with the Yavapai County Industrial Development Authority (authority). Likewise, on November 10, 2020, the letter of credit was renewed for an additional 5 years, see note 11.1(a.3).
  - Letter of credit for US\$75,838,000, dated July 30, 2015, entered between Drake Cement, LLC, Skanon Investments, Inc (guarantor) and the Bank Nova Scotia, New York Agency (issuer) with the objective that the issuer make the direct payment of the loan on behalf of Drake in favor of the US Bank National Association (trustee), which the latter entity entered into a trust agreement with the Yavapai County Industrial Development Authority (authority). On June 1, 2020, the letter of credit was renewed for an additional 5 years, see note 11.1(a.3).
- (d) Compensation agreement
- The SKANON subsidiary establishes compensation provisions under its agreements with other companies in the normal course of its operations, generally with business partners, customers, property owners, lenders and lessors. Under such provisions, SKANON generally indemnifies and exempts for losses suffered or incurred by the indemnified party because of its activities or, in some cases, as a result of the activities of the indemnified party under the agreement. The maximum potential for future payments that SKANON could make under these compensation provisions is unlimited. SKANON has not incurred material costs to defend claims or resolve claims related to these compensation agreements. As a result, SKANON considers that the estimated fair value of these agreements is minimal. As a result, the Group's Management has no liabilities recorded for these agreements as of December 31, 2021, and 2020.
- (e) Purchase option
- In accordance with the Drake Cement third addendum of the operating agreement (Restated Limited Liability Company Operating Agreement) on September 1, 2007, SKANON has the option to purchase the minority interest in Drake Cement. As of January 1, 2009, SKANON has the option, but not the obligation, to purchase the minority shareholders' interest at any time at fair value. The fair value will be determined by mutual agreement of the members in the general meeting of shareholders. As of December 31, 2021, and 2020, Drake Cement has not exercised this option.

## Notes to the consolidated financial statements (continued)

### 21.2 Tax situation-

- (a) The companies comprising the Group are subject to the tax regime of the country in which they operate and are taxed separately based on its non-consolidated results.

As of December 31, 2021, and 2020, the income tax rate on taxable income in the main countries that operate the Company, and its Subsidiaries is:

	<b>Tax rates</b>	
	<b>2021</b>	<b>2020</b>
	%	%
Peru	29.5	29.5
Ecuador	25.0	25.0
United State of America (*)	21.0 and 4.9	21.0 and 4.9
Chile	27.0	27.0
Colombia (**)	31.0	32.0

(\*) According to the legislation of the United States of America and the State of Arizona, the subsidiary is subject to the application of the federal rate of 21 percent and the state rate of 4.9 percent.

(\*\*) For companies domiciled in Colombia, in accordance with Law No. 2010 and No. 1943, the following changes are presented as of 2019:

- The income tax rate and complementary as follows: 2019 period, 33 percent rate; 2020 period, 32 percent rate; period 2021, 31 percent rate and since period 2022 and following a rate of 30 percent.

This tax rules related to the income tax are the same as those described in the notes to the annual consolidated financial statements as of December 31, 2020.

- (b) The Tax Authority in each country has the right to review and if necessary, adjust the corresponding income tax calculated by the Company and its subsidiaries in the four years after the filing of the tax return. The affidavits of income tax are open to inspection by the Tax Authority as follows:

	<b>Periods open to review</b>
<b>In Peru -</b>	
Unión Andina de Cementos S.A.A.	2016-2021
Compañía Eléctrica El Platanal S.A.	2016-2021
Celepsa Renovables S.R.L.	2017-2021
Generación Eléctrica Atocongo S.A.	2017-2021
Unión de Concreteiras S.A.	2016-2021
CONCREMAX S.A.	2016-2021
Inversiones en Concreto y Afines S.A.	2017-2021
Prefabricados Andinos Perú S.A.C.	2017-2021
Transportes Lurín S.A.	2017-2021
Depósito Aduanero Conchán S.A.	2017-2021
Inversiones Imbabura S.A.	2017-2021
Inversiones Nacionales y Multinacionales Andinas S.A.	2017-2021
ARPL tecnología Industrial S.A.	2017-2021
Vigilancia Andina S.A.	2017-2021

## Notes to the consolidated financial statements (continued)

	<b>Periods open to review</b>
<b>In Ecuador -</b>	
UNACEM Ecuador S.A.	2017-2021
Union de Concreteras UNICON UCUE Cia. Ltda.	2018-2021
<b>In Chile -</b>	
Prefabricados Andinos S.A.	2017-2021
Unicon Chile S.A.	2018-2021
Unacem Chile S.A.	2018-2021
Inversiones MEL20 Limitada	2018-2021
<b>In Colombia -</b>	
Prefabricados Andinos Colombia S.A.S.	2017-2021
<b>In United State of America</b>	
	2017-2021

Due to the interpretations likely to be given by the Tax Authority on current legal regulations, it is not possible to determine, as of this date, whether the reviews to be conducted will result in liabilities for the Company and its subsidiaries; therefore, any increased tax or surcharge that could arise from possible tax reviews will be applied to the results of the year in which it is determined. In the Management's and its legal advisors' opinion, any additional tax settlement would not be significant for the consolidated financial statements as of December 31, 2021, and 2020.

(c) Also, the tax loss carries forward of subsidiaries as of December 31, 2021, and 2020 is as follows:

	<b>2021</b>	<b>2020</b>
	S/ (000)	S/ (000)
Skanon Investments Inc. and Subsidiaries (i)	2,320,311	1,928,705
Compañía Eléctrica El Platanal S.A. and Subsidiaries (ii)	270,039	304,541
Prefabricados Andinos S.A. - PREANSA Chile(iii)	42,707	46,390
Prefabricados Andinos Perú S.A.C. (ii)	16,172	13,044
Unicon Chile S.A.(ii)	4,547	11,816
Prefabricados Andinos Colombia S.A.S(iii)	9,910	8,406
Inversiones Imbabura S.A.(ii)	1,013	-
Depósito Aduanero Conchán S.A.(ii)	1,854	2,005
Transportes Lurín S.A.(ii)	489	469
Unión de Concreteras S.A. and Concremax S.A. (ii)	-	13,665
Other minor Peruvian subsidiaries(ii)	414	375

(i) The accumulated federal and state tax losses carried forward by the subsidiaries in the United States of America amount to approximately US\$312,474,000 and US\$271,252,000, respectively (equivalent to approximately S/1,242,084,000 and S/1,078,227,000, respectively).

## Notes to the consolidated financial statements (continued)

- (ii) The Managers of each subsidiary in Peru with tax loss carry forwards have therefore chosen the option to offset the tax loss up to 50 percent of the taxable income generated each year, indefinitely, as well as the option to offset the tax loss in the four years starting from the date of its generation.
- (iii) The tax loss carries forward of subsidiaries in Chile and Colombia will be offset against future profits of the subsidiaries in accordance with state and federal tax requirements related.

### 21.3 Contingencies -

In the normal course of business, the Company and its subsidiaries have received several tax, legal (labor and management) and regulatory complaints, which are recorded and disclosed in accordance with International Financial Reporting Standards.

#### Peru -

As a result of the audits of previous years, the Company has been notified by the Superintendency of Tax Administration (SUNAT) with various resolutions for alleged omissions of income tax. In some cases, the Company and its subsidiaries have filed claims appeals before higher instances for not finding that said resolutions are in accordance with the law and in others, they proceeded to pay the assessments received under protest. These tax processes are related to:

#### UNACEM

- Income tax for the years 2000 and 2001
- Income tax for the years 2004 and 2005
- Penalty Income tax for the year 2013
- Interest penalties for payments on account for the year 2014
- Contribution to the mining, metallurgical and steel retirement compensation fund for 2013 and 2015
- Mining Royalties, former Cementos Lima, years 2008 and 2009
- Mining Royalties, former Cemento Andino, year 2008

#### CONCREMAX

- Income tax for the 2012 financial year

As of December 31, 2021, and 2020, the Group maintains receivables related to said tax processes, see note 4 (a), because, in the opinion of the Group's Management and its legal advisors, there are reasonable arguments to obtain a result favorable to the interests of the Group.

### 21.4 Environmental commitments -

The activities of the Group are subject to environmental protection standards. This tax rules are the same as those described in the notes to the annual consolidated financial statements as of December 31, 2020.

## 22. Financial risk management, objectives, and policies

The Group's main financial liabilities, in addition to derivative financial instruments, include other financial liabilities and trade and other accounts payable. The main purpose of these financial liabilities is to obtain financing for the Group's operations. The Group also carries out transactions with derivative financial instruments. The Group also carries out transactions with derivative financial instruments.

The Group is exposed to market, credit, and liquidity risk.

The Group's Senior Management oversees the management of these risks. The Group's Senior Management is supported by the Financial Management that advises on financial risks and the appropriate financial risk governance framework for the Group. Financial Management

## Notes to the consolidated financial statements (continued)

provides assurance to the Group's senior executives that the Group's financial risk-taking activities are regulated by appropriate corporate policies and procedures and that financial risks are identified, measured, and managed in accordance with these corporate policies and Group preferences when taking risks. All activities with financial derivative instruments related to risk management are left to teams of specialists with adequate capacities, experience, and supervision.

The Group Management reviews and agrees on the policies for the management of each of these risks, which are summarized in the following sections:

### 22.1 Market risk -

The sensitivity analyzes included in the following sections are related to the consolidated financial position as of December 31, 2021, and 2020.

This sensitivity analyzes were prepared on the assumption that the amount of net debt, the ratio of fixed interest rates to variable interest rates on debt and derivative financial instruments, and the proportion of financial instruments in currency foreign, are all constant as of December 31, 2021, and 2020

#### (i) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Exposure of the Group to the interest rate risk is related mainly to the long-term debt with variable interest rates.

#### (a) Derivative Financial instruments from hedge -

The Group has contracts interest rate swap designated as cash flow hedges and are recorded at their fair value. The details of these operations are as follows:

Counterparty	Reference value	Maturity rate	Receive	Payments	Fair value	
			variable to:	Fix to:	As of December 31, 2021	As of December 31, 2020
	US\$(000)				S/ (000)	S/ (000)
<b>Assets-</b>						
Banco Scotiabank (Chile) (*)	3,355	October 2023	Libor to 1 months + 1.85%	5.55%	896	-
Banco de Crédito e Inversiones (BCI) (*)	-	November, 2027	6.78	3.377%	526	-
					1,422	-

## Notes to the consolidated financial statements (continued)

Counterparty	Reference value	Maturity rate	Receive variable to:	Payments Fix to:	Fairvalue	
					As of December 31, 2021	As of December 31, 2020
	US\$(000)				S/ (000)	S/ (000)
<b>Liabilities -</b>						
Citibank N.A.	50,000	October 2025	Libor to 3 months + 1.75%	5.70%	13,210	21,488
Santander S.A.	45,000	November, 2023	Libor to 3 months + 1.85%	5.03%	8,499	14,575
Bank of Nova Scotia	30,000	September 2025	Libor to 3 months + 2.60%	5.66%	3,719	7,272
Banco Scotiabank (Chile)	4,000	August 2022	Libor to 3 months + 1.22%	4.75%	219	191
Banco Scotiabank (Chile)	1,883	March 2022	Libor to 1 months + 1.94%	5.40%	64	1,568
Banco Scotiabank (Chile) (*)	3,355	October 2023	Libor to 1 months + 1.85%	5.55%	-	369
Banco de Crédito e Inversiones (BCI) (*)	-	November, 2027	6.78	3.377%	-	364
					25,711	45,827

(\*) Corresponds to the same derivative.

The effective portion of changes in the fair value of financial instruments that qualify as hedges is recognized as assets or liabilities and with impact on equity. As of December 31, 2021, and 2020, the Group recognized under the heading "Unrealized results" of the consolidated statement of changes in equity.

Financial instruments are intended to reduce exposure to interest rate risk variable associated with the financial obligations set out in note 11.1(a). These financings bear interest at a variable rate equal to Libor rate to 3 months and Libor rate to 1 month.

The Group pays or receives on a quarterly or monthly basis (on each interest payment date of the loan) the difference between the Libor rate on the loan market in that period and the fixed rate agreed upon in the contract coverage. Flows actually received or paid by the Company are recognized as a correction of the financial cost of the loan period for the hedged loans.

As of December 31, 2021 and 2020 the Group recognized an expense on these derivative financial instruments amounting to approximately S/ 15,856,000 and S/ 11,316,000 respectively, whose amounts were actually paid during the year and are presented as "Borrowing Costs" in the consolidated statement of income.

As of December 31, 2020, the Group has recognized a financial expense for the financial instruments derived from trading canceled in October 2020 for approximately S/ 2,709,000, the amounts of which have been effectively paid during the year 2020 and are presented as part of the caption "Expenses financial" of the consolidated income statement.

Sensitivity to interest rate -

The Group does not show the sensitivity to a reasonably possible change in interest rates on the portion of the loans, after the impact of hedge accounting.

## Notes to the consolidated financial statements (continued)

(ii) Foreign currency risk -

The result of holding balances in foreign currency for the Group in the period ended on December 31, 2021, and 2020 was a loss amounting approximately S/ 64,070,000 and S/ 61,118,000, respectively, which are presented in the caption "Exchange difference, net" in the consolidated statement of income.

As of December 31, 2021, and 2020, the Group maintains a "Cross Currency Interest Rate Swap" amounting to S/6,870,000 and S/2,971,000 in favor of the bank, respectively, in order to cover its risks associated with exchange rate fluctuations. These instruments were designated as held for trading.

As of December 31, 2021, and 2020, variations in fair value are recognized as an expense or income. As of December 31, 2021, and 2020, the effect corresponds to a net financial expense for approximately S/3,899,000 and S/2,473,000, respectively, and is presented as part of the caption "Financial expenses" and "Financial income" of the consolidated statement of income.

Likewise, as of December 31, 2021, and 2020, a net financial expense was recognized for derivative financial instruments amounting to approximately S/940,000 and S/107,000, respectively, the amounts of which have been effectively paid during the year and are presented as part of the caption "Financial expenses" and "Financial income", net of the consolidated income statement.

Foreign currency transactions -

Foreign currency transactions made at free market exchange rates published by the Superintendence of Banks, Insurance and Private Funds Peru Managers. As of December 31, 2021, the weighted average exchange rates of the free market for transactions in U.S. Dollars were S/ 3.975 for buying and S/ 3.998 for selling (S/ 3.618 for buying and S/ 3.624 for selling as of December 31, 2020), respectively.

As of December 31, 2021, and 2020, the Group had the following assets and liabilities in US dollars:

	2021		2020	
	US\$(000)	Equivalent S/ (000)	US\$(000)	Equivalent S/ (000)
<b>Asset</b>				
Cash and cash equivalents	26,105	103,769	26,651	96,423
Trade and other payables	78,680	312,753	84,749	306,621
	<u>104,785</u>	<u>416,522</u>	<u>111,400</u>	<u>403,044</u>
<b>Liabilities</b>				
Other financial liabilities	(179,726)	(718,544)	(261,841)	(948,912)
Trade and other payables	(64,097)	(256,262)	(39,871)	(144,493)
	<u>(243,823)</u>	<u>(974,806)</u>	<u>(301,712)</u>	<u>(1,093,405)</u>
Derivative financial instrument in foreign currency	(1,718)	(6,870)	(820)	(2,972)
<b>Net liability position</b>	<u>(140,756)</u>	<u>(565,154)</u>	<u>(191,132)</u>	<u>(693,333)</u>

## Notes to the consolidated financial statements (continued)

### Foreign currency sensitivity-

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before income tax (due to changes in the fair value of monetary assets and liabilities, including derivative financial instruments in foreign currency not classified as hedge).

Change in US Dollars rate In American Dollars	Impact on profit before income tax	
	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
%		
+5	(28,258)	(34,667)
+10	(56,515)	(69,333)
-5	28,258	34,667
-10	56,515	69,333

### 22.2 Credit risk -

As of December 31, 2021, no significant impact has been identified on the credit behavior of the Company and subsidiaries as a result of the economic crisis generated by the Covid-19 pandemic. The Group's Management will continue to evaluate its exposure to credit risk, considering the impacts of said pandemic on the economies of the countries in which the Company and subsidiaries operate and the actions that each Government may take.

### 22.3 Liquidity risk -

As of December 31, 2021, in Management's opinion, the Group has sufficient financial strength to meet its short-term obligations in case the governments in which the Group operates extend the state of national and health emergency, considering that we have S/ 399,755,000 of cash and cash equivalents that are freely available and available overdraft lines of credit.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	As of December 31, 2021			
	From 1 to 12 months S/ (000)	From 2 to 3 years S/ (000)	From 4 to more years S/ (000)	Total S/ (000)
Trade and other payables (*)	783,597	19,985	12,587	816,169
Other financial liabilities				
Amortization of capital	700,255	1,523,344	1,704,435	3,928,034
Flow of interest payments	183,605	288,503	252,854	724,962
Lease liabilities				
Amortization of capital	8,290	12,688	3,735	24,713
Flow of interest payments	2,369	690	2,138	5,197
<b>Total liabilities</b>	<b>1,678,116</b>	<b>1,845,210</b>	<b>1,975,749</b>	<b>5,499,075</b>



## Notes to the consolidated financial statements (continued)

	As of December 31, 2020			
	From 1 to 12	From 2 to 3 years	From 4 to more	Total
	months	years	years	
	S/ (000)	S/ (000)	S/ (000)	S/ (000)
Trade and other payables (*)	587,116	26,080	16,468	629,664
Other financial liabilities				
Amortization of capital	1,110,123	1,574,021	1,771,611	4,455,755
Flow of interest payments	190,705	303,209	270,875	764,789
Lease liabilities				
Amortization of capital	9,873	10,398	2,707	22,978
Flow of interest payments	924	1,004	2,034	3,962
<b>Total liabilities</b>	<b>1,898,741</b>	<b>1,914,712</b>	<b>2,063,695</b>	<b>5,877,148</b>

(\*) As of December 31, 2021, and 2020, does not include customer advances, taxes, contributions and labor contributions and general sales tax for approximately S/70,021,000 and S/61,756,000, respectively.

### 22.4 Capital management-

No changes were made in the objectives, policies, or processes for managing capital during the years ended on December 31, 2021, and 2020.

## 23. Fair values

### (a) Financial instruments measured at fair value and fair value hierarchy-

The following chart shows an analysis of the financial instruments that are measured at fair value at the reporting date, including the hierarchy level of their fair value. The amounts are based on balances presented in the consolidated statement of financial position:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
<b>Financial assets -</b>		
Derivative financial instruments:		
Level 2	1,422	-
<b>Total, Asset, note 22.1(i)</b>	<b>1,422</b>	<b>-</b>
<b>Financial liabilities:</b>		
Derivative financial instruments:		
Level 2	32,581	48,798
<b>Total, liabilities, note 22.1(i) and (ii)</b>	<b>32,581</b>	<b>48,798</b>

### (b) Financial instruments not measured at fair value -

Other financial instruments are carried at amortized cost and their estimated fair value. The level of the fair value hierarchy is described as follows:

## Notes to the consolidated financial statements (continued)

### Level 1 -

- Cash and cash equivalents do not represent a credit risk or a significant interest rate; therefore, their carrying amounts are close to their fair value.
- Accounts receivable because they are net of provision for loan losses and primarily have maturities of less than three months, and Management has seen its fair value is not materially different from its carrying value.
- Trade and other payables, due to its current maturity Management estimates that its accounting balances approximate its fair value.

### Level 2 -

- Other financial liabilities have been determined by comparing the fair value market interest rates at the time of initial recognition with current market rates offered for similar financial instruments. The following is a comparison between the carrying value and the fair value of these financial instruments.

	As of December 31, 2021		As of December 31, 2020	
	Carrying value S/ (000)	Fair value S/ (000)	Carrying value S/ (000)	Fair value S/ (000)
Other financial liabilities (*)	3,696,046	3,465,356	4,025,037	3,866,411

(\*) As of December 31, 2021, and 2020, the amount outstanding does not include promissory notes and bank overdraft, see note 11.1 (a).

## 24. Segment Information

For management purposes, the Group is organized into business units based on their products and activities and have three main reportable segments as follows:

- Manufacture and sale of cement.
- Manufacture and sale of concrete.
- Generation and sale of electrical energy generated using hydraulic resources.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating profit of each business unit separately for purposes of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on gain or less operating and is measured consistently with gain or loss operating in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to the consolidated financial statements (continued)

Following is financial information by business segment, net of eliminations:

	As of December 31, 2021							As of December 31, 2020						
	Cement S/ (000)	Concrete S/ (000)	Electrical Energy S/ (000)	Others S/ (000)	Total Segments S/ (000)	Adjustments elimination S/ (000)	Consolidated S/ (000)	Cement S/ (000)	Concrete S/ (000)	Electrical Energy S/ (000)	Others S/ (000)	Total segments S/ (000)	Adjustments elimination S/ (000)	Consolidated S/ (000)
<b>Income</b>														
Third-party customers	2,940,125	1,908,371	199,884	18,042	5,066,422	-	5,066,422	2,077,972	1,305,622	173,901	17,814	3,575,309	-	3,575,309
Inter segments	228,489	155,496	127,303	75,548	586,836	(586,836)	-	164,577	89,685	64,975	65,037	384,274	(384,274)	-
<b>Total revenues</b>	<b>3,168,614</b>	<b>2,063,867</b>	<b>327,187</b>	<b>93,590</b>	<b>5,653,258</b>	<b>(586,836)</b>	<b>5,066,422</b>	<b>2,242,549</b>	<b>1,395,307</b>	<b>238,876</b>	<b>82,851</b>	<b>3,959,583</b>	<b>(384,274)</b>	<b>3,575,309</b>
<b>Gross profit</b>	<b>1,083,366</b>	<b>244,317</b>	<b>132,742</b>	<b>30,848</b>	<b>1,491,273</b>	<b>16,226</b>	<b>1,507,499</b>	<b>570,763</b>	<b>174,631</b>	<b>70,920</b>	<b>22,912</b>	<b>839,226</b>	<b>7,537</b>	<b>846,763</b>
<b>Operating Income (expenses)</b>														
Administrative expenses	(252,533)	(70,745)	(16,567)	(19,065)	(358,910)	32,921	(325,989)	(188,701)	(53,953)	(14,481)	(15,033)	(272,168)	22,720	(249,448)
Selling expenses	(74,909)	(29,979)	(5,050)	-	(109,938)	-	(109,938)	(63,032)	(23,408)	(3,075)	-	(89,515)	194	(89,321)
Other operating income (expenses), net	104,193	(2,879)	(3,972)	160	97,502	(108,085)	(10,583)	(15,125)	(8,789)	1,521	324	(22,069)	(37,436)	(59,505)
<b>Operating profit</b>	<b>860,117</b>	<b>140,714</b>	<b>107,153</b>	<b>11,943</b>	<b>1,119,927</b>	<b>(58,938)</b>	<b>1,060,989</b>	<b>303,905</b>	<b>88,481</b>	<b>54,885</b>	<b>8,203</b>	<b>455,474</b>	<b>(6,985)</b>	<b>448,489</b>
<b>Other Income (expenses)</b>														
Participation in net income of associates and joint business	-	5,209	(11)	-	5,198	1,326	6,524	-	2,140	(83)	296	2,353	(791)	1,562
Financial Income	6,119	12,832	80	1,592	20,623	(3,611)	17,012	8,235	1,170	96	1,603	11,104	(2,263)	8,841
Financial expenses	(171,952)	(30,566)	(21,773)	(8,391)	(232,682)	3,611	(229,071)	(176,062)	(27,260)	(22,620)	(6,681)	(232,623)	2,261	(230,362)
Exchange difference, net	(50,547)	13,807	(20,251)	2,806	(54,185)	(9,885)	(64,070)	(48,738)	3,256	(19,684)	4,048	(61,118)	-	(61,118)
<b>Income before income tax</b>	<b>643,737</b>	<b>141,996</b>	<b>65,198</b>	<b>7,950</b>	<b>858,881</b>	<b>(67,497)</b>	<b>791,384</b>	<b>87,340</b>	<b>67,787</b>	<b>12,594</b>	<b>7,469</b>	<b>175,190</b>	<b>(7,778)</b>	<b>167,412</b>
Income tax	(170,421)	(17,317)	(21,529)	(4,914)	(214,181)	(1,005)	(215,186)	(49,021)	11,689	(7,663)	(6,471)	(51,466)	-	(51,466)
<b>Net Income for segment</b>	<b>473,316</b>	<b>124,679</b>	<b>43,669</b>	<b>3,036</b>	<b>644,700</b>	<b>(68,502)</b>	<b>576,198</b>	<b>38,319</b>	<b>79,476</b>	<b>4,931</b>	<b>998</b>	<b>123,724</b>	<b>(7,778)</b>	<b>115,946</b>
<b>Income before tax for segment</b>	<b>809,570</b>	<b>154,521</b>	<b>86,902</b>	<b>13,423</b>	<b>1,064,416</b>	<b>(273,032)</b>	<b>791,384</b>	<b>255,167</b>	<b>91,737</b>	<b>35,201</b>	<b>13,044</b>	<b>395,149</b>	<b>(227,737)</b>	<b>167,412</b>
	As of December 31, 2021							As of December 31, 2020						
	Cement	Concrete	Electrical Energy	Others	Total Segments	Adjustments elimination	Consolidated	Cement	Concrete	Electrical Energy	Others	Total segments	Adjustments elimination	Consolidated
<b>Operating assets</b>	7,945,911	1,508,424	1,203,193	238,836	10,896,364	234,532	11,130,896	7,823,831	1,338,857	1,227,212	235,341	10,625,241	191,646	10,816,887
<b>Operating liabilities</b>	466,192	554,304	119,481	51,284	1,191,261	4,567,869	5,759,130	246,745	490,649	107,721	18,596	863,711	5,100,886	5,964,597

## Notes to the consolidated financial statements (continued)

### Eliminations and Reconciliation -

Financial income and expenses and gains and losses from changes in the fair value of financial assets are not allocated to individual segments as the underlying instruments are centrally managed.

Current and deferred taxes and certain financial assets and liabilities to the segments are not charged as also administered at centralized level.

The income reconciliation as of December 31, 2021, and 2020 is as follows:

	<b>2021</b> S/ (000)	<b>2020</b> S/ (000)
<b>Reconciliation of income -</b>		
<b>Income before tax for segment before adjustment and eliminations</b>	1,064,416	395,149
Financial Income	17,012	8,841
Financial expenses	(229,071)	(230,362)
Participation in net income of associates and joint business	6,524	1,562
Inter segments	(67,497)	(7,778)
<b>Income before tax for segment</b>	<u>791,384</u>	<u>167,412</u>

The reconciliation of the operating assets and liabilities as of December 31, 2021, and 2020 is as follows:

	<b>2021</b> S/ (000)	<b>2020</b> S/ (000)
<b>Reconciliation of assets -</b>		
<b>Segment operating assets</b>	10,896,364	10,625,241
Deferred income tax asset	214,006	177,328
Derivative financial instruments	1,422	-
Other assets	19,104	14,318
<b>Operating assets of the Group</b>	<u>11,130,896</u>	<u>10,816,887</u>
<b>Reconciliation of liabilities -</b>		
<b>Segment operating liabilities</b>	1,191,261	863,711
Other financial liabilities	3,928,034	4,455,755
Trade payables to Directors	6,681	1,247
Deferred income tax liability	600,846	595,086
Derivative financial instruments	32,308	48,798
<b>Operating liabilities of the Group</b>	<u>5,759,130</u>	<u>5,964,597</u>

## Notes to the consolidated financial statements (continued)

### Geographic information –

The income information contained above is based on customer location.

Income by location as of December 31, 2021, and 2020 is as follows:

	<b>2021</b>	<b>2020</b>
	S/ (000)	S/ (000)
<b>Income of customers</b>		
Peru	3,300,784	2,315,985
United State of America	704,152	606,128
Ecuador	649,607	440,479
Chile	393,268	202,048
Colombia	18,611	10,669
<b>Total income according to the consolidated statements of income</b>	<u>5,066,422</u>	<u>3,575,309</u>

Total noncurrent assets by location as of December 31, 2021, and 2020 is as follows:

	<b>2021</b>	<b>2020</b>
	S/ (000)	S/ (000)
<b>Non-current assets:</b>		
Peru	6,514,696	6,673,382
United State of America	1,657,840	1,450,122
Ecuador	859,158	812,132
Chile	305,243	109,866
Colombia	29,582	32,093
<b>Non-current assets according to the financial statement</b>	<u>9,366,519</u>	<u>9,077,595</u>

### 25. Subsequent events

In the opinion of the Group's Management, between January 1, 2021, and up to the date of issuance of this report, no significant events or facts have occurred that require disclosures in the consolidated financial statements, except as indicated in note 1, regarding the Corporate Reorganization, change of name and corporate purpose.