

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

UN-AUDITED Consolidated Interim Financial Statements

As of March 31, 2021 and December 31, 2020

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

**Statement of Financial Position**

For the periods ended March 31, 2021 and December 31, 2020

(In thousands of Soles)

	Notes	As of March 31, 2021	As of December 31, 2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	652,182	561,120
Other Financial Assets		-	-
<b>Trade Accounts Receivable and other accounts receivable</b>		<b>520,083</b>	<b>566,988</b>
Trade Accounts Receivable , net	4	431,334	405,526
Other Accounts Receivable , net	4	43,625	120,165
Accounts Receivable from Related Companies	4	31,061	30,611
Advanced payments	4	14,063	10,686
Inventories	5	631,940	576,052
Biological Assets		-	-
Assets by Income Taxes	4	10,769	19,634
Other Non-Financial Assets		37,915	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>1,852,889</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>1,852,889</b>	<b>1,739,292</b>
<b>Non-Current Assets</b>			
Other Financial Assets	3	22,560	21,708
Investments in subsidiaries, joint ventures and associates		21,396	23,994
<b>Trade Accounts Receivables and other accounts receivables</b>		<b>95,682</b>	<b>55,924</b>
Trade Accounts Receivable		-	-
Other Accounts Receivable	4	89,649	49,540
Accounts Receivable from Related companies		-	-
Advanced payments	4	6,033	6,384
Biological Assets		-	-
Investment Property		-	-
Property, Plant and Equipment , net	7	7,342,557	7,260,394
Intangible Assets , net	8	222,776	219,559
Assets Deferred Income Tax	12(a)	223,514	177,328
Surplus value	9	1,198,417	1,172,139
Other Assets		156,663	146,549
<b>Total Non-current Assets</b>		<b>9,283,565</b>	<b>9,077,595</b>
<b>TOTAL ASSETS</b>		<b>11,136,454</b>	<b>10,816,887</b>

	Notes	As of March 31, 2021	As of December 31, 2020
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Other Financial Liabilities	11	779,183	1,110,123
<b>Trade accounts payable and other payable accounts</b>		<b>685,261</b>	<b>664,759</b>
Trade Accounts Payable	10	451,799	454,876
Other Accounts Payable	10	198,063	171,243
Accounts payable to related companies	10	17,084	22,753
Deferred Income		18,315	15,887
Provision for Employee Benefits		-	-
Other provisions		62,014	54,708
Income tax liabilities		35,707	16,435
Other non-financial liabilities	6(b)	13,013	9,873
<b>Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale</b>		<b>1,575,178</b>	<b>1,855,898</b>
Liabilities included in asset groups classified as held for sale		-	-
<b>Total Current Liabilities</b>		<b>1,575,178</b>	<b>1,855,898</b>
<b>Non-Current Liabilities</b>			
Other Financial Liabilities	11	3,692,581	3,345,632
<b>Trade accounts payable and other payable accounts</b>		<b>48,227</b>	<b>42,548</b>
Trade Accounts Payable		-	-
Other Accounts Payable	10	48,227	42,548
Accounts payable to related companies		-	-
Deferred Income		-	-
Provision for Employee Benefits		-	-
Other provisions		60,117	63,530
Liabilities Deferred Income Taxes	12(a)	596,643	595,086
Other non-financial liabilities	6(b)22.1	62,758	61,903
<b>Total Non-Current Liabilities</b>		<b>4,460,326</b>	<b>4,108,699</b>
<b>Total Liabilities</b>		<b>6,035,504</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		-	-
Other Capital Reserves		363,626	363,626
Accrued Results		2,428,626	2,253,019
Other Equity Reserves		311,644	252,052
<b>Shareholders' equity attribute to the owners of the Parent</b>		<b>4,884,005</b>	<b>4,648,806</b>
Non Controlling interest		216,945	203,484
<b>Total Stockholders' Equity</b>		<b>5,100,950</b>	<b>4,852,290</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>11,136,454</b>	<b>10,816,887</b>

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

## Income Statement

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

	Notes	For the specific quarter from January 1, to March 31, 2021	For the specific quarter from January 1, to March 31, 2020	For the cumulative period from January 1st to March 31, 2021	For the cumulative period from January 1st to March 31, 2020
Incomes from ordinary activities	14	1,086,959	905,337	1,086,959	905,337
Cost of Sales	15	-743,202	-657,002	-743,202	-657,002
<b>Profit (Loss) Gross</b>		<b>343,757</b>	<b>248,335</b>	<b>343,757</b>	<b>248,335</b>
Selling Expenses and distribution		-20,429	-21,847	-20,429	-21,847
Administrative expenses	16	-67,338	-58,974	-67,338	-58,974
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	17	99,176	12,181	99,176	12,181
Other Operating Expenses		-15,820	-7,899	-15,820	-7,899
Other profit (loss)		-	-	-	-
<b>Profit (Loss) from operating activities</b>		<b>339,346</b>	<b>171,796</b>	<b>339,346</b>	<b>171,796</b>
Financial Income		2,034	1,825	2,034	1,825
Financial Expenses	18	-60,314	-60,400	-60,314	-60,400
Exchange differences, net		-20,012	-26,469	-20,012	-26,469
Share of Profit (Loss) in net results from Equity-Accounted Joint Ventures and related companies		1,693	622	1,693	622
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>262,747</b>	<b>87,374</b>	<b>262,747</b>	<b>87,374</b>
Income tax expenses	12(b)	-49,115	-26,222	-49,115	-26,222
<b>Profit (Loss) Net of Continued Operations</b>		<b>213,632</b>	<b>61,152</b>	<b>213,632</b>	<b>61,152</b>
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
<b>Profit (loss) net of the year</b>		<b>213,632</b>	<b>61,152</b>	<b>213,632</b>	<b>61,152</b>
<b>Profit (Loss) net, attributable to :</b>					
Owners of the Parent		201,351	53,843	201,351	53,843
Non-controlling interest		12,281	7,309	12,281	7,309
<b>Net Profit (Loss) of the Year</b>		<b>213,632</b>	<b>61,152</b>	<b>213,632</b>	<b>61,152</b>

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

	Notes	For the specific quarter from January 1, to March 31, 2021	For the specific quarter from January 1, to March 31, 2020	For the cumulative period from January 1st to March 31, 2021	For the cumulative period from January 1st to March 31, 2020
<b>Net Profit (Loss) of the year</b>		213,632	61,152	213,632	61,152
<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		-	-	-	-
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		57,757	41,724	57,757	41,724
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>		57,757	41,724	57,757	41,724
<b>Other Comprehensive Income</b>		57,757	41,724	57,757	41,724
<b>Total Comprehensive Income for the period , net of income tax</b>		271,389	102,876	271,389	102,876
<b>Comprehensive Income attributable to:</b>					
Owners of the Parent		260,943	84,974	260,943	84,974
Non-controlling interest		13,473	5,916	13,473	5,916
<b>Total Comprehensive Income of the Year, net</b>		274,416	90,890	274,416	90,890

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

**Statement of Cash Flow**

Direct Method

For the periods ended March 31, 2021 and 2020

(In thousands of Soles)

	Notes	As of January 1st, 2021 to March 31, 2021	As of January 1st, 2020 to March 31, 2020
<b>Operating activities cash flows</b>			
<b>Types of cash collections from operating activities</b>			
Sale of Goods and Services		1,287,222	969,465
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		-	-
<b>Types of cash collections from operating activities</b>			
Suppliers of goods and services		-751,393	-599,176
Contracts held for brokering or trading purposes		-	-
cash payments to and on behalf of employees		-146,990	-150,949
Elaboration or acquisition of assets to be leased and other assets held for sale		-	-
Other Cash Payments Related to Operating Activity		-	-
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>388,839</b>	<b>219,340</b>
Interests received (not included in the Investment Activities)		-	-
Interests paid (not included in the Investment Activities)		-52,036	-57,492
Dividends Received (not included in the Investment Activities)		-	-
Dividends Paid (not included in the Investment Activities)		-	-
Income tax (paid) reimbursed		-32,938	-49,304
Other cash collections (payments)		-116,384	-67,875
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>187,481</b>	<b>44,669</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		1,384	91
Sale of intangible assets		-	-
Sale of other long- term assets		-	-
Government Subventions		-	-
Interests received		-	-
Dividends received		8,741	-
<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)	-46,867	-41,790
Purchase of intangible assets		-841	-826
Purchase of other long- term assets		-	-
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to Investment activities		3,192	-959
<b>Cash flows and cash equivalents from (used in) investing activities</b>		<b>-34,391</b>	<b>-43,484</b>
<b>Cash flows from Financing activities</b>			
<b>Type of cash collections from financing activities</b>			
Loan securing		1,318,438	778,842
Changes to the subsidiaries ownership interest not resulting in the loss of control		-	-
Share issuance		-	-
Issuance of other Equity Instruments		-	-
Government Subventions		-	-
<b>Type of cash payments from financing activities</b>			
Loan Amortization or Repayment		-1,360,278	-728,562
Leasing liabilities		-814	-388
Changes to the subsidiaries ownership interest not resulting in the loss of control		-71	-
Redemption or repurchase of the entities' shares (Shares in the portfolio)		-	-
Acquisition of other equity interest		-	-
Interests paid		-	-
Dividends paid		-22,207	-23,649
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to financing activities		3,435	-
<b>Cash flows and cash equivalents from (used in) financing activities</b>		<b>-61,497</b>	<b>26,243</b>
<b>Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates</b>		<b>91,593</b>	<b>27,428</b>
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-531	-1,142
<b>Increase (Decrease) in Net Cash and Cash Equivalents</b>		<b>91,062</b>	<b>26,286</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>561,120</b>	<b>124,337</b>
<b>Cash and cash equivalents at end of year</b>	<b>3</b>	<b>652,182</b>	<b>150,623</b>
		-	0

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

	Capital Issued	Issuance Premiums	Investment shares	Treasury Shares in Portfolio	Other Capital Reserves	Accrued Results	Other Equity Reserves							Subtotal	Shareholders' equity attribute to the owners of the Parent	Non-controlling Interest	Total Stockholders' Equity	
							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 for 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
<b>Balances 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						53,843										53,843	7,309	61,152
7. Other Comprehensive Income:						-	-11,408	-	-	42,539	-	-	-	-	31,131	31,131	-1,393	29,738
8. Comprehensive Income - Total year						53,843	-11,408	-	-	42,539	-	-	-	-	31,131	84,974	5,916	90,890
9. Cash Dividends Declared						-23,636										-23,636	-	-23,636
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						-										-	-	-
15. Increase (decrease) for transactions with Treasury Shares in Portfolio						-										-	-	-
16. Increase (Decrease) for Transfer and other Equity Changes					405	20										425	-548	-123
Total Equity Increase (decrease)					405	30,227	-11,408	-	-	42,539	-	-	-	-	31,131	61,763	5,368	67,131
<b>Balance as of March 31, 2020</b>	1,818,128	-38,019	-	-	364,031	2,226,975	-40,623	-	-	205,207	-	-	-	-	164,584	4,535,699	171,477	4,707,176
<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						201,351										201,351	12,281	213,632
7. Other Comprehensive Income:						-	3,409	-	-	56,183	-	-	-	-	59,592	59,592	1,192	60,784
8. Comprehensive Income - Total year						201,351	3,409	-	-	56,183	-	-	-	-	59,592	260,943	13,473	274,416
9. Cash Dividends Declared						-23,636										-23,636	-173	-23,809
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						-										-	-71	-71
15. Increase (decrease) for transactions with Treasury Shares in Portfolio						-										-	-	-
16. Increase (Decrease) for Transfer and other Equity Changes						-2,108										-2,108	232	-1,876
Total Equity Increase (decrease)						175,607	3,409	-	-	56,183	-	-	-	-	59,592	235,199	13,461	248,660
<b>Balance as of March 31, 2021</b>	1,818,128	-38,019	-	-	363,626	2,428,626	-32,462	-	-	344,106	-	-	-	-	311,644	4,884,005	216,945	5,100,950

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

## UN-AUDITED Consolidated Interim Financial Statements

As of March 31, 2021 and December 31, 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 March 31, 2021 and December 31, 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 first quarter of 2021 have been issued and approved by Management. The consolidated financial statements of 2020 have been approved by the Group Management.

#### 1.1 Acquisitions 2021

##### (a) Cementos la Unión S.A. (CLU Chile)

On December 11, 2020, UNACEM 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 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, UNACEM took control of CLU Chile and signed with the sellers an agreement to comply with the conditions and declarations that were determined in the contract of December 11, 2020.

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

CLU Chile has a plant located in the port of San Antonio with cement grinding and dispatch capacity of 300,000 tons/year, which is in full operation.

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

## Notes to the consolidated financial statements (continued)

The Group acquired Cementos la Unión S.A. 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.

The fair value of the identifiable assets and liabilities of CLU Chile as of the acquisition date was:

	<b>Fair values recognized at the date of acquisition S/(000)</b>
Asset	193,763
Liabilities	(109,263)
<b>Net identifiable assets at fair value</b>	<b>84,500</b>
Negative goodwill generated in the acquisition, note 17	(84,489)
<b>Consideration transferred in the acquisition</b>	<b>11</b>
Net cash incorporated with the subsidiary	2,649
Cash payment	(11)
<b>Net cash flow at the date of acquisition</b>	<b>2,638</b>

As of March 31, 2021, the Group Management has made its best estimate regarding this operation; however, in accordance with IFRS 3, the Group Management has a term of one year from the date of acquisition to establish the final fair values of assets and liabilities of CLU Chile.

(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, which was 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.



## Notes to the consolidated financial statements (continued)

The fair value of the identifiable assets and liabilities of MEL20 as of the acquisition date was:

	<b>Fair values recognized at the date of acquisition S/(000)</b>
Asset	26,947
Liabilities	(50,699)
<b>Identifiable net liabilities at fair value</b>	<b>(23,752)</b>
Goodwill generated in the acquisition, note 9	23,756
<b>Consideration transferred in the acquisition</b>	<b>4</b>
Net cash incorporated with the subsidiary	786
Cash payment	(4)
<b>Net cash flow at the date of acquisition</b>	<b>781</b>

As of March 31, 2021, the Group Management has made its best estimate regarding this operation; however, in accordance with IFRS 3, the Group Management has a term of one year from the date of acquisition to establish the final fair values of assets and liabilities of MEL20.

### 1.2 COVID-19

One year after the beginning of the health crisis due to the COVID-19 pandemic, we continue in a very difficult situation, facing outbreaks, because of this, the Peruvian government established the extension of the national state of emergency until May 31 and state of health emergency until September 2, 2021, in addition through Supreme Decree No. 080-2020-PCM of March 27, 2021 has provided a series of measures focused to face this "second wave" of pandemic by COVID-19 Among them: the level of alerts and measures (extreme, very high, high and moderate) was established by provinces and departments of the country, compulsory social immobilization, entry restrictions to the national territory and, reduction of capacity of stores and shopping centers. During the first quarter of 2021, the Company and its subsidiaries operating in Peru have continued their operating activities normally.

In addition, the Peruvian government continues to safeguard the payment chain of the companies, by which it ordered the reprogramming of the credits guaranteed with the Reactiva Peru Program and the Business Support Fund for the MYPE (FAE MYPE), which will allow to have a greater term to recover their income-generating capacity and to be able to comply with the payment of the agreed debts.

In the same way, the Ecuadorian Government by means of Executive Decree No. 1291 ordered the State of exception, from April 23 to May 20, 2021, in 16 provinces, establishing some restrictions such as mandatory social immobilization and maximum capacity allowed in closed spaces. Mobility restrictions are excepted to strategic and key sectors for the Ecuadorian economy, within which is the construction sector. During the first quarter of 2021, the subsidiary UNACEM Ecuador has continued its operating activities normally.

Likewise, the Chilean Government established the extension of the health alert until June 30, 2021. From the beginning, it has arranged a series of measures and among the main ones is the "Step by Step" Plan, which seek to

## Notes to the consolidated financial statements (continued)

restore mobility throughout the country. During the first quarter of 2021, the subsidiary UNICON Chile has continued its activities normally.

The subsidiaries located in the United States of America have continued their activities normally.

Despite this situation, the Group's Management has been executing its business plan in accordance with what has been established and adjusting the necessary measures to face of the evolution of the health crisis, with the aim of taking care of liquidity and working capital, allowing the Company and its subsidiaries to fulfill their obligations to workers, suppliers and customers throughout the entire value chain.

Likewise, the Company and its subsidiaries continue to reinforce measures to preserve the health of their employees and to prevent contagion in their administrative and operational areas, such as remote work, rigorous cleaning of work environments, distribution of personal protective equipment, suspect case testing and body temperature measurement.

## Notes to the consolidated financial statements (continued)

### 1.3 Information on the structure of the Subsidiaries -

As of March 31, 2021 and December 31, 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) (vii)	
			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)	Production and sale of cement	100.00	-	100.00	-	1,966,020	1,947,595	385,249	394,071	1,580,771	1,553,524	24,958	19,805
Unites States	Skanon Investments Inc. and Subsidiaries (ii)	Manufacture and sale of cement Concrete	86.55	8.68	86.55	8.68	1,557,302	1,473,702	663,561	615,024	893,741	858,678	2,244	1,385
Peru	Compañía Eléctrica El Platanal S.A. and Subsidiaries (iii)	Electrical energy and power	90.00	-	90.00	-	1,242,153	1,231,393	486,155	486,585	755,998	744,808	11,190	6,711
Peru	Inversiones en Concreto y Afines S.A. and Subsidiaries (iv)	Sale of concrete and ready mix	93.38	-	93.38	-	1,108,267	1,034,771	688,712	624,757	419,555	410,014	7,359	(5,422)
Chile	Cementos la Unión S.A. (CLU Chile), see note 1.1 (a)	Production and sale of cement	99.81	0.19	-	-	193,992	-	109,231	-	84,761	-	-	-
Unites States	Staten Island Company Inc. and Subsidiaries (vi)	Sale of aggregates	100.00	-	100.00	-	154,526	141,370	41,691	38,265	112,835	103,105	5,721	837
Peru	Prefabricados Andinos Perú S.A.C. and Subsidiary (v)	Manufacture and sale Precast Concrete	50.02	-	50.02	-	65,069	65,137	49,592	47,176	15,477	17,961	(1,403)	(2,090)
Chile	Prefabricados Andinos S.A. (PREANSA Chile)	Manufacture and sale Precast Concrete	51.00	-	51.00	-	80,453	79,544	71,069	69,405	9,384	10,139	(497)	5,243
Peru	Transportes Lurín S.A. (LURIN)	Services	99.99	-	99.99	-	35,166	35,166	3	-	35,163	35,166	(3)	(3)
Peru	Generación Eléctrica de Atocongo S.A. (GEA)	Thermal plant operation services	99.85	0.15	99.85	0.15	34,536	33,339	33,275	31,765	1,261	1,574	(313)	(66)
Peru	Depósito Aduanero Conchán S.A. (DAC)	Warehouse services	99.99	-	99.99	-	2,601	1,962	1,470	1,346	1,131	616	(15)	(134)
Peru	Inversiones Nacionales y Multinacionales S.A.	Real estate business	90.90	9.10	90.90	9.10	18,246	18,266	4,945	4,957	13,301	13,309	(9)	(2)
Peru	Vigilancia Andina S.A. (VASA)	Surveillance services	55.50	44.50	55.50	44.50	16,840	15,060	9,803	8,504	7,037	6,556	499	578
Peru	ARPL Tecnología Industrial S.A. (ARPL)	Technical assistance and engineering services	100.00	-	100.00	-	65,269	65,766	24,235	25,149	41,034	40,617	417	1,861
Peru	Minera Adelaida S.A. (MINERA)	Holding	99.99	-	99.99	-	349	348	6	204	343	144	(2)	1
Peru	Naviera Conchán S.A. (NAVIERA)	Holding	100.00	-	100.00	-	10	10	3	21	7	(11)	(3)	(10)

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

(ii) The main subsidiaries of Skanon Investments Inc. (SKANON) are: Drake Cement, LLC, Sunshine Concrete & Materials, Inc., Maricopa Ready Mix, LLC, Ready Mix, Inc., and Desert Ready Mix.

(iii) The subsidiaries of Compañía Eléctrica El Platanal 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), Unicon Ucue Cia. Ltda. (UNICON Ecuador), Unicon Chile S.A. (UNICON Chile), Entrepisos Lima S.A.C. (ENTREPISOS) and Inversiones MEL20 Limitada (MEL20). This last subsidiary was acquired in March 2021, see note 1.1 (b).

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

(vi) The subsidiaries of Staten Island Company, Inc. (SIC) are: Staten Island Holding LLC (SIH), Staten Island Terminal LLC (SIT) and Desert Aggregates.

(vii) Balances as of March 31, 2021 compared to balances as of March 31, 2020.

## Notes to the consolidated financial statements (continued)

### 2. Summary of significant accounting policies

The accounting policies adopted to prepare the consolidated financial statement are consistent with those applied on December 31, 2020, except when 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 (\$/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 Thursday, December 31, 2020.

#### 2.2 Basis of consolidation-

The interim consolidated financial statements include the financial statements of the Company and its subsidiaries as of March 31, 2021 and December 31, 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 March 31, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
Checking and savings accounts (b)	614,953	210,671
Term deposits (c)	24,477	337,064
Mutual Funds	10,331	11,935
Petty cash	2,421	1,450
	<u>652,182</u>	<u>561,120</u>
Financial investments (c)	<u>22,560</u>	<u>21,708</u>
	<u>22,560</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 deposits held in local and foreign financial institutions, mainly in Soles and US dollars, which accrue interests at market rates and have original maturities of less than three months.

As of March 31, and December 31, 2020, UNICON Peru maintains a term deposit in a local financial entity for US\$ 6,000,000, which accrues interest at market rate and expires on October 25, 2022.

## 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 March 31, 2021 S/(000)	As of December 31, 2020 S/(000)	As of March 31, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Commercial:</b>				
Trade accounts receivable (b)	419,485	383,565	18,148	16,594
Provision of bills receivable	31,465	32,185	-	-
	<u>450,950</u>	<u>415,750</u>	<u>18,148</u>	<u>16,594</u>
<b>Related:</b>				
Accounts receivable from related parties, note 19(b)	31,061	30,611	-	-
<b>Various:</b>				
Advances to suppliers	14,063	10,686	6,033	6,384
Claims to Tax authority, note 21.3	12,911	7,468	74,937	38,554
Loans to employees	7,841	6,837	6,672	6,682
Claims to third parties	6,075	6,449	-	-
Account receivable from the Escrow fund	3,499	3,374	-	-
Loans to third parties (c)	-	83,678	-	-
Other accounts receivable	12,255	14,145	7,490	3,825
	<u>56,644</u>	<u>132,637</u>	<u>95,132</u>	<u>55,445</u>
Advance payments of income tax and temporary tax on net assets	10,769	19,634	-	-
Tax Credit due to general sales tax	7,400	4,529	550	479
	<u>18,169</u>	<u>24,163</u>	<u>550</u>	<u>479</u>
	<u>556,824</u>	<u>603,161</u>	<u>113,830</u>	<u>72,518</u>
Less - Expected credit loss (d)	(25,972)	(16,539)	(18,148)	(16,594)
	<u>530,852</u>	<u>586,622</u>	<u>95,682</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 Cementos la Unión S.A.

On December 9, 2020, the Company provided a loan for the amount of US\$ 23,128,000 (equivalent to approximately S/ 83,678,000) in order to use it to pay off the balance of the loan maintained with Banco Santander in favor of Cementos la Unión S.A. The loan granted by the Company has specific guarantees in its favor and will be paid in a single installment within a period of six months, applying an effective annual interest rate equivalent to 2.42 percent. As of March 31, 2021, the reclassification was made to accounts receivable from related parties, which is eliminated in the consolidated financial statements.

## Notes to the consolidated financial statements (continued)

(d) According to the Group Management opinion, the allowance for doubtful accounts covers satisfactorily the loan losses as of March 31, 2021 and December 31, 2020.

(e) As of March 31, 2021 and December 31, 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 March 31, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
Spare parts and supplies	251,811	238,340
Raw and auxiliary materials	209,354	175,095
Work in progress	165,654	154,520
Finished goods	44,183	38,901
Packages and packing	21,684	18,053
Inventory in transit	1,554	10,867
	<hr/>	<hr/>
	694,240	635,776
	<hr/>	<hr/>
Allowance for impairment of inventories (b)	(62,300)	(59,724)
	<hr/>	<hr/>
	631,940	576,052
	<hr/>	<hr/>

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

### 6. Usage rights of Asset and Liabilities

(a) Usage rights of Asset

(i) As of March 31, 2021 and December 31, 2020 the book value amounts to approximately S/ 30,307,000 and S/ 22,559,000, respectively; the main leases being the land item.

(ii) As of March 31, 2021 and 2020, depreciation amounts to approximately S/ 2,920,000 and S/ 2,281,000, respectively; recorded in Cost of sales, Administrative expenses and Sales expenses of the consolidated income statement, see note 15 and 16.

(b) Liabilities for right in use

(i) This item is made up as follows:

	<b>As of March 31, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
<b>Classification -</b>		
Current	13,013	9,873
Non-current	17,926	13,105
	<hr/>	<hr/>
<b>Ending Balance</b>	30,939	22,978
	<hr/>	<hr/>

## Notes to the consolidated financial statements (continued)

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

(a) This item is made up as follows:

	As of March 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)	51,165	279,000
Acquisition of Subsidiaries (d)	151,324	-
Reclassification of spare parts	(17,181)	49,969
Withdrawals, sales and others (e)	(11,037)	(94,016)
Exchange rate impact	110,797	262,304
	<hr/>	<hr/>
<b>Ending Balance</b>	11,493,311	11,208,243
	<hr/>	<hr/>
<b>Accumulated depreciation -</b>		
<b>Opening Balance</b>	3,947,849	3,461,672
Depreciation of the period (f)	107,953	429,001
Acquisition of Subsidiaries (d)	57,045	-
Withdrawals, sales and others (e)	(2,604)	(35,397)
Exchange rate impact	40,511	92,573
	<hr/>	<hr/>
<b>Ending Balance</b>	4,150,754	3,947,849
	<hr/>	<hr/>
<b>Net book value -</b>	7,342,557	7,260,394
	<hr/>	<hr/>

(b) As of March 31, 2021 December 31, 2020, the book value of the assets acquired through financial lease and lease agreements amounts to approximately S/ 152,283,000 and S/ 152,511,000, respectively. The leased assets guaranteed financial lease liabilities, see note 11.1(a).

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

- (i) Additions of the Company correspond to disbursements made for the projects of the dedusting system of kiln cooler 2, installation of valve rack, migration of the control system of kiln 2, fire-fighting system in electrical substations, major maintenance of kiln 2 change of reducer due to the presence of metallic particles, change of sleeves and refractories of kiln 2 and roofing of the clinker field, corresponding to the Condorcocha plant; as well as disbursements made for the projects of structural reinforcement and internal modification of chamber No. 1 of the multisilo and the repair of clinker tower 1, corresponding to the Atocongo plant; for a total of approximately S/ 14,250,000.
- (ii) Additions of the subsidiary Desert Aggregates for: i) acquisition of machinery and equipment for approximately US\$ 1,946,000 (equivalent to S/ 7,304,000).
- (iii) Additions of the subsidiary Drake Cement for: i) a comprehensive mill project for approximately US\$ 682,000 (equivalent to S/ 2,559,000) and ii) a new crude mill construction project for approximately US\$ 345,000 (equivalent to S/ 1,295,000).



## Notes to the consolidated financial statements (continued)

- (iv) Additions of the subsidiaries UNICON Peru for: i) plant construction project for the new dry bagging mix for approximately S/ 1,704,000 and ii) overhaul of trucks and machinery and equipment for approximately S/ 1,232,000.

The additions during the 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).
  - (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 CERÉ for social commitments assumed through framework agreements for the purchase of land for approximately S/9,171,000.
- (d) Correspond to the assets from the companies Cementos la Unión S.A. and Inversiones MEL20 Limitada, see note 1.1.

## Notes to the consolidated financial statements (continued)

(e) As of December 31, 2020, it mainly includes the disposals of assets for approximately S/ 57,737,000 related to the suspension of the Atocongo thermal plant projects and the integral plan of the Cristina mining concession as a consequence of the pandemic COVID -19.

(f) Depreciation has been distributed as follows:

	<b>As of March 31,</b> <b>2021</b> S/(000)	<b>As of March 31,</b> <b>2020</b> S/(000)
Cost of sales, note 15	102,332	101,902
Administrative expenses, see note 16	3,146	2,946
Other expenses	2,028	340
Selling expenses	33	38
Inventories in process	414	548
	<hr/>	<hr/>
	107,953	105,774
	<hr/>	<hr/>

(g) 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).

On the other hand, 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).

Also, the subsidiary Celepsa Renovables SRL, maintains two mortgages on property, machinery and equipment for approximately US\$ 40,820,000 (equivalent to S/ 153,402,000) to guarantee the loan obtained for the construction of the Marañon Hydroelectric Plant, see note 11.1 (a).

(h) 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:

	<b>As of March 31,</b> <b>2021</b> S/(000)	<b>As of March 31,</b> <b>2020</b> S/(000)
Cost of sales, note 15	2,395	2,769
Other expenses	975	935
Administrative expenses, see note 16	687	717
Selling expenses	423	101
	<hr/>	<hr/>
	4,480	4,522
	<hr/>	<hr/>

## Notes to the consolidated financial statements (continued)

### 9. Goodwill

The goodwill balance as of March 31, 2021 and December 31, 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. During fiscal year 2021, the Group has recognized goodwill for approximately S/ 23,756,000 for the acquisition of MEL20, see note 1.1 (b).

### 10. Trade and other payables

(a) This item is made up as follows:

	As of March 31, 2021	As of December 31, 2020
	S/(000)	S/(000)
Trade payable (b)	451,799	454,876
Salaries and vacation payable	70,317	52,943
Customer advances	33,014	33,464
Interest payable, note 11 (c) and 11.1 (c)	23,975	21,187
Commitments to communities	17,907	17,621
Value Added to Tax payable	17,718	10,492
Accounts receivable from related parties, note 19(b)	17,084	22,753
Tax Payable	16,463	17,800
Dividends payable, note 13 (f)	12,884	11,668
Interest on financial instruments payable	2,040	2,198
Director's remunerations payable	1,803	1,247
Other accounts payable	50,169	45,171
	<u>715,173</u>	<u>691,420</u>
<b>Term -</b>		
Current Portion	666,946	648,872
Non- Current Portion	48,227	42,548
	<u>715,173</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.

UNICON Peru 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 March 31, 2021 and December 31, 2020, the balances related to these operations amount to S/ 62,927,000 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 March 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)
Interest on bonds and long-term debt, Note 11.1(a)	570,302	3,692,581	4,262,883	679,405	3,345,632	4,025,037
Bank overdrafts	145,881	-	145,881	278	-	278
Bank loans (b) and (c)	63,000	-	63,000	430,440	-	430,440
	<u>779,183</u>	<u>3,692,581</u>	<u>4,471,764</u>	<u>1,110,123</u>	<u>3,345,632</u>	<u>4,455,755</u>

(b) As of March 31, 2021, bank promissory notes correspond mainly to financing for working capital with fixed interest rates that fluctuate between 2.55 and 3.68 percent annually (between 2.35 and 3.68 percent annually as of December 31, 2020). They do not have specific guarantees and are renewed depending on the Group's working capital needs.

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

		2021 S/(000)	2020 S/(000)
<b>Creditor -</b>			
Scotiabank Perú S.A.	May 2021	40,000	90,000
Banco de Crédito del Perú S.A.	May 2021	23,000	123,000
BBVA Banco Continental S.A.	May 2021	-	217,440
		<u>63,000</u>	<u>430,440</u>

(c) As of December 31, 2020, interest payable on bank promissory notes amounted to approximately S/ 2,926,000 and are recorded in the caption "Trade and other payable" of the consolidated statement of financial position, see note 10 (a). As of March 31, 2021 and 2020, interest expenses for bank promissory notes amounted to approximately S/ 848,000 and S/ 937,000, respectively and are included in the caption "Financial costs" 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:

			As of March 31, 2021	As of December 31, 2020
	Maturity rate	Guarantee	S/(000)	S/(000)
<b>Bonds-</b>				
Bonds of Arizona State (a.3)	September 2035 and November 2035	Letter of credit, see note 21.1(c)	432,170	416,760
Bonds -	March 2023	No guarantees	60,000	60,000
Amortized cost			492,170	476,760
			(11,425)	(11,453)
			<u>480,745</u>	<u>465,307</u>
<b>Bank loans (b) -</b>				
Banco de Crédito del Peru - BCP	March 2022, November 2025 and October 2026	No guarantees	770,196	793,780
Scotiabank del Peru	October 2024, March 2025 and January 2027	No guarantees	671,547	621,547
Banco Internacional del Peru	Between March 2022 and March 2027	No guarantees	488,385	488,385
BBVA Banco Continental	January 2027	No guarantees	533,357	323,357
Citibank N.A. (a.1)	October 2025	No guarantees	187,900	181,200
Santander S.A. (a.1)	November 2023	No guarantees	169,110	163,080
Santander S.A.	March 2023	No guarantees	131,530	126,840
Banco de Crédito del Peru - BCP	March 2022 and March 2027	No guarantees	127,772	123,216
Banco de Crédito del Peru - BCP	August 2030	Guarantee on movable and immovable property, see note 7 (g)	105,257	102,756
Bank of Nova Scotia (a.1)	September 2025	No guarantees	101,466	103,284
Scotiabank del Peru	April 2025	Guarantee on property, see note 7 (g)	68,400	72,000
Citibank N.A. New York	July 2024	No guarantees	31,002	31,559
BBVA Banco Continental	December 2024	No guarantees	28,773	28,773
Banco Internacional del Peru (a.2)	Between March 2023 and September 2023	Reactivating Peru	24,387	34,387
Scotiabank del Peru	September 2021	Management and guarantee trust, see note 21.1 (c)	18,790	27,180
Banco de Crédito del Peru - BCP	September 2021	Management and guarantee trust, see note 21.1 (c)	16,986	24,571
Scotiabank (Chile)	Between January 2021 and October 2023	No guarantees	14,740	15,257

## Notes to the consolidated financial statements (continued)

Banco Scotiabank (Chile) (a.1)	August 2021	Letter of credit, see note 21.1(b)	14,821	14,490
BBVA Banco Continental (a.1)	November 2022	Letter of credit, see note 21.1(b)	10,940	11,486
Banco de Crédito del Perú – BCP (a.2)	May 2023	Reactivating Peru	11,461	11,461
Scotiabank del Perú (a.2)	July 2023	Reactivating Peru	10,000	10,000
Santander S. A.	June 2025	No guarantees	9,680	9,970
Less than S/ 10,000.000	-		59,581	65,080
			<u>3,606,081</u>	<u>3,383,659</u>
Amortized cost			(15,418)	(15,800)
			<u>3,590,663</u>	<u>3,367,859</u>
<b>Finance leasebacks -</b>				
Banco de Crédito del Perú S.A..	May 2021	-	49,935	49,935
Scotiabank (Chile)	March 2024	-	3,128	3,315
			<u>53,063</u>	<u>53,250</u>
Amortized cost			(42)	(105)
			<u>53,021</u>	<u>53,145</u>
<b>Finance leases -</b>				
Consorcio Transmantaro S.A.	July 2039	-	57,686	55,762
Scotiabank Perú S.A.A.	Between January 2021 and December 2023	-	22,899	26,263
Banco de Crédito e Inversiones (BCI)	November 2027	-	10,931	11,087
Banco Internacional del Perú	Between September 2021 and October 2022	-	7,097	8,538
Less than S/ 10,000.000	-	-	37,952	36,679
			<u>136,565</u>	<u>138,329</u>
Factoring			1,889	397
<b>Total</b>			<u>4,262,883</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 March 31, 2021 and December 31, 2020, the Group maintains a balance of long-term loans for approximately S/ 45,848,000 and S/ 55,848,000, 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 0.88 and 1.18 percent annually and matures between April 2023 and September 2023 with a grace period of 12 months.

## Notes to the consolidated financial statements (continued)

- (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 up to an amount of US\$ 40,000,000 maturing in September 2035 and a monthly payment of interest based on a variable interest rate (Securities Industry and Financial Markets Association Index rate). variable plus 3,245 percent, compared to a maximum interest rate of 12 percent as of March 31, 2021 and December 31, 2020. The bonds are secured by a letter of credit from the bank, see note 21.1 (c).

On July 30, 2015, Drake Cement, LLC obtained a US\$75,000,000 bond with the purpose of refinancing part of the investment in the cement plant, maturing in September 2035 and with a monthly interest payment on the basis of a variable interest rate (Securities Industry and Financial Markets Association Index rate) variable rate plus 2.75 and 0.1 percent, compared to a maximum interest rate of 12 percent as of March 31, 2021 and December 31, 2020. 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 an 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 March 31, 2021 and December 31, 2020.

- (a.4) On April 7, 2010, the General Shareholders' Meeting approved the "Second Program of Issuance of Debt Instruments up to a maximum outstanding amount of US\$150,000,000 or its equivalent in Soles". As of March 31, 2021 and December 31, 2020, the Company still pays the amount of the second issuance for S/ 60,000,000.

- (b) The financial covenants applicable to financial liabilities are monitored quarterly and semi-annually in some cases 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.

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

Unión Andina de Cementos S.A.A.:

- Maintain a debt ratio 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 a ratio financial debt/EBITDA minor to 6.5 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 a total financial debt ratio between EBITDA less than or equal to 2.5 times.



## Notes to the consolidated financial statements (continued)

- Maintain debt service coverage ratio greater than or equal to 1.2 times.

### Concremax S.A.:

- Maintain a debt service coverage ratio greater than or equal to 1.25 times.
- Maintain a ratio 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 time.
- Maintain an index debt minor or equal to 1.8 times.
- Maintain a ratio of financial debt/EBITDA minor or equal to 3.5 times.

### Compañía Eléctrica El Platanal S.A.:

- Maintain a debt service coverage ratio greater than or equal to 1.10 times.
- Maintain a debt ratio minor or equal to 1 time.

### Celepsa Renovables S.R.L.:

- Maintain a debt service coverage ratio greater than or equal to 1.20 times.
- Maintain a debt ratio minor or equal to 1 time.

### Prefabricados Andinos Perú S.A.C:

- Maintain a maximum leverage ratio of 1 time.
- Maintain a maximum debt ratio of 2.5 times.
- To maintain a debt ratio minor or equal to 1 time.

(II) As of March 31, 2021, the main financial covenants based on the consolidated financial information are as follow:

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

- Maintain a debt ratio minor or equal to 1.5 times.
- Maintain a debt service coverage ratio greater than 1 time for 2020, 1.10 times for 2021 and 1.20 times from 2022 onwards.
- Maintain a financial debt / EBITDA less than 6.5 times for 2020, 4.75 times for 2021 and 4.0 times for 2022 and 3.75 times from 2023 onwards.

### Skanon Investments Inc. and Subsidiaries.

- Maintain a leverage ratio of less than 1.0 time.

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 duly approved and granted by the creditor banks, so that the breach of the covenants does not constitute "Default" or "Event of default", (as established in the respective loan agreements). As of March 31, 2021, PREANSA Peru and Concremax do not comply with some of their financial covenants; however, the Company and its subsidiaries have been complying with the debt service payment in accordance with the provisions of each of their financing contracts.

## Notes to the consolidated financial statements (continued)

- (c) As of March 31, 2021 and December 31, 2020, interests' payable related to bonds and long and medium-term debt are amounted to approximately S/ 23,975,000 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 March 31, 2021 and 2020, amounting approximately S/ 44,140,000 and S/ 50,187,000, respectively, and are included in the item "Financial costs" of the consolidated income statement.

- (d) As of March 31, 2021, the Group maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 4.10 to 8.06 percent. Bank loans in dollars are at a variable rate plus a margin (3-month Libor rate plus a margin that fluctuates between 1.75 to 2.60 percent) and at a fixed rate between 3.40 to 5.55 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 to the difference:

	<b>As of March 31, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
<b>Deferred asset -</b>		
<b>Opening Balance</b>	358,170	310,095
Consolidated income statement impact	(3,281)	28,358
Charges to comprehensive income	(1,592)	2,017
Acquisition of Subsidiaries, see 1.1.	52,624	-
Exchange rate impact	7,384	17,145
Others	-	555
<b>Ending Balance</b>	<u>413,305</u>	<u>358,170</u>
<b>Deferred liability -</b>		
<b>Opening Balance</b>	(775,928)	(807,864)
Consolidated income statement impact	7,666	40,275
Acquisition of Subsidiaries, see 1.1.	(14,361)	-
Exchange rate impact	(3,811)	(8,339)
<b>Ending Balance</b>	<u>(786,434)</u>	<u>(775,928)</u>
<b>Total net liability for deferred income tax</b>	<u>(373,129)</u>	<u>(417,758)</u>

## Notes to the consolidated financial statements (continued)

- (b) The provision for income tax is comprised as follows:

	<b>As of March 31, 2021</b>	<b>As of March 31, 2020</b>
	S/(000)	S/(000)
Current	(57,144)	(36,298)
Deferred	4,385	7,445
Compensation for tax loss	3,723	2,709
Royalty Expenses	(79)	(78)
	<hr/>	<hr/>
Total	(49,115)	(26,222)
	<hr/>	<hr/>

### 13. Net Equity

- (a) Capital issued –

As of March 31, 2021 and December 31, 2020 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.

Shareholders	<b>As of March 31, 2021</b>	
	Number of shares	Percent of participation %
Inversiones JRPR S.A.	456,669,897	25.12
Nuevas Inversiones S.A.	459,129,497	25.25
AFP's	427,822,795	23.53
Others	474,505,422	26.10
	<hr/>	<hr/>
	1,818,127,611	100.00
	<hr/>	<hr/>

As of March 31, 2021, the share price of each common share has been S/1.72 (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) 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, has to 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 March 31, 2021, the legal reserve reached the top of 20 percent of the issued capital.

- (d) 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 (i)(a).

## Notes to the consolidated financial statements (continued)

(e) 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 as of March 31, 2021 and December 31, 2020 attributable to controlling equity amounted to a gain of S/ 56,183,000 and S/ 125,255,000, respectively.

(f) Dividend distributions -

The information on the dividends distributed as of March 31, 2021 and December 31, 2020 is as follows:

**2021 Dividends:**

Directors Board session date	Dividends declared and paid S/(000)	Payment date	Dividends per common share
February 24, 2021	23,636	30.03. 2021	0.013
	<hr style="width: 50px; margin: 0 auto;"/> 23,636		

As of February 2021, the Company resumed the quarterly distribution of dividends to shareholders.

**2020 Dividends:**

Directors Board session date	Dividends declared and paid S/(000)	Payment date	Dividends per common share
January 31, 2020	23,636	04.03. 2020	0.013
	<hr style="width: 50px; margin: 0 auto;"/> 23,636		

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

Likewise, during 2021, the subsidiary of UNACEM Ecuador distributed dividends to its non-controlling shareholders for approximately S/173,000 (for approximately S/319,000 in the years 2020). As of March 31, 2021 and December 31, 2020 said company paid dividends for S/25,000 y S/565,000, respectively.

As of March 31, 2021, they maintain a balance pending payment of dividends for approximately S/12,884,000 (S/11,668,000 as of December, 2020), see note 10(a).

## Notes to the consolidated financial statements (continued)

### 14. Net sales

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

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
<b>Segments</b>		
Cement Sales -	627,906	483,848
Concrete	408,524	371,659
Electrical energy and power	46,681	45,147
Other Services	3,848	4,683
	<u>1,086,959</u>	<u>905,337</u>
<b>Moment of revenue recognition</b>		
Goods transferred at a point in time	1,013,634	837,442
service performance at a point in time	73,325	67,895
	<u>1,086,959</u>	<u>905,337</u>

### 15. Cost of sales

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

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
Beginning balance of finished goods and work in process, note 5(a)	193,421	354,805
Cost of production:		
Consumption of raw material	148,523	142,896
Personnel expenses	143,623	131,660
Fuel	117,268	88,758
Depreciation, note 7(f)	102,332	101,902
Maintenance cost	59,837	60,480
Container Consumption	24,764	18,919
Electrical Energy	23,790	18,575
Transport of raw material	18,910	15,499
Transmission and freight costs	13,598	9,300
Depreciation - Right in use, see note 6 (a)	2,781	2,082
Amortization, see note 8(a).	2,395	2,769
Stripping costs (clearing)	1,853	1,839
Depreciation for stripping cost	1,730	1,186
Other manufacturing expenses	95,705	89,837
Ending balance of finished goods and work in process, note 5(a)	(209,837)	(383,669)
	<u>740,693</u>	<u>656,838</u>
Provision for inventory obsolescence- note 5(a)	2,509	164
	<u>743,202</u>	<u>657,002</u>

## Notes to the consolidated financial statements (continued)

### 16. Administrative expenses

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

	2021 S/(000)	2020 S/(000)
Personnel expenses	36,103	32,624
Services rendered by third parties	10,581	10,673
Donations	5,696	2,311
Taxes	5,117	3,096
Depreciation, note 7(f)	3,146	2,946
Other management charges	2,274	2,655
Amortization, see note 8(a).	687	717
Estimate for expected credit loss, note 4 (a)	310	488
Depreciation - Right in use, note 6 (a)	136	194
Others	3,288	3,270
	<u>67,338</u>	<u>58,974</u>

### 17. Others

As of March 31, 2021, dividends were received from the related Ferrocarril Central Andino S.A. for approximately S/ 8,741,000, see note 19 (a).

Likewise, as indicated in note 1.1 (a) as a result of the acquisition of CLU Chile, the Group has recognized a negative goodwill for approximately S/ 84,489,000.

### 18. Finance cost

As of March 31, 2021 and 2020, this item is mainly comprised of interest on bonds issued and debts with banks for S/ 44,988,000 and S/ 51,124,000, respectively (see note 11 (c) and 11.1 (c)).

### 19. Related parties' transactions

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

	2021 S/(000)	2020 S/(000)
<b>Income -</b>		
<b>Cement Sales -</b>		
La Viga S.A.	120,162	92,815
Asociación UNACEM	21	67
<b>Dividend Income, note 17 -</b>		
Ferrocarril Central Andino S.A.	8,741	-
<b>Costs and / or expenses -</b>		
<b>Purchase additives-</b>		
Master Builders Solutions Peru S.A.	11,003	9,247

## Notes to the consolidated financial statements (continued)

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
<b>Commissions and freight costs of cement sales -</b>		
La Viga S.A.	7,086	5,507
<b>Other expenses -</b>		
Master Builders Solutions Peru S.A.	1,125	765
<b>Other income -</b>		
Master Builders Solutions Peru S.A.	333	331
La Viga S.A.	55	45
Asociación UNACEM	64	68

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

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
<b>Account receivables, note 4(a)</b>		
La Viga S.A.	29,802	29,428
Master Builders Solutions Peru S.A.	250	242
Other minors	1,009	941
	<u>31,061</u>	<u>30,611</u>
<b>Account payables, note 10(a)</b>		
Master Builders Solutions Peru S.A.	14,418	18,873
La Viga S.A.	2,651	3,849
Other minors	15	31
	<u>17,084</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 remuneration paid to Group's directors and key members of management as of March 31, 2021 and 2020 is amounting to approximately S/5,108,000 and S/ 5,296,000 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.

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

## Notes to the consolidated financial statements (continued)

	As of March 31, 2021	As of March 31, 2020
	S/(000)	S/(000)
Numerator		
Net income attributable to common shares	<u>201,351</u>	<u>53,843</u>
	<b>In thousands</b>	<b>In thousands</b>
Denominator		
Weighted average number of common shares	<u>1,818,128</u>	<u>1,818,128</u>
Basic and diluted earnings per share (stated in Soles)	<u>0.111</u>	<u>0.030</u>

### 21. Commitments and contingencies

#### 21.1 Financial and Purchase Commitments -

(a) As of March 31, 2021, the Group and its subsidiaries kept the following letters of guarantee:

- Letter of guarantee in favor of the Ministry of Energy and Mines (MEM), issued by the Banco de Crédito del Peru, for a total of approximately US\$ 1,905,000, equivalent to S/ 7,159,000 due in January 2022, in order to guarantee compliance with the Mine Closure Plan for its mining concessions (US\$ 1,678,000 equivalents to S/ 6,071,000 maturing in January 2021 to December 31, 2020).
- Letter of guarantee in favor of the Ministry of Production, issued by the Banco de Credito del Peru, for an approximate total of US\$ 4,456,000 equivalents to S/ 2,172,000 maturing in December 2021 and S/ 14,574,000 maturing in January 2022, in order to ensure compliance with the Mine Closure Plan of its mining concessions (US\$ 4,123,000 equivalents to S/ 14,917,000, expiring in January 2021 to December 31, 2020).
- Letters of guarantees in favor of third parties for a total of S/ 1,141,000 maturing during the year 2021 for approximately S/ 458,000 and maturing during the year 2022 for approximately S/ 682,000.

(b) The subsidiaries maintain the following guarantee letters:

- Guarantee letter issued by financial institutions negotiated by UNICON Peru and CONCERMAX in order to ensure the supply of concrete to certain customers, as of March 31, 2021 for approximately S/ 91,155,000 (S/ 81,784,000 as of December 31, 2020).
- Guarantee letter negotiated by Deposito Aduanero Conchan 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/ 368,000 (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 2021 issued by Scotiabank Peru in order to guarantee the contract for electric power transmission for facilities of the complementary transmission



## Notes to the consolidated financial statements (continued)

- 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 2021.
- 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 Peru issued by BBVA Banco Continental with a maturity date on January 2022.
- As of March 31, 2021 and December 31, 2020, the subsidiary Vigilancia Andina S.A. maintains letters of guarantee issued by financial institutions guaranteeing the payment of salaries of personnel under labor intermediation to clients for S/ 2,514,000.

(c) Guarantees for the payment of financial obligations:

- Administration and Guarantee Trust: formed by CELEPSA's credit rights and future money flows from them, which is intended to ensure the payment of the obligations arising from the funding and serve as a means of payment. The activation of this trust occurred immediately after the start of operations of the El Platanal Hydroelectric Power Plant with maturity in September 2021.
- Letter of credit for US\$ 40,000,000, held on November 18, 2010, executed between the US Bank National Association and the Yavapai County Industrial Development Authority (authority) guaranteeing Inversiones JRPR S.A. (applicant) direct payment of the loan, see note 11.1 (a.3).
- Letter of credit for US\$ 75,000,000, held on July 30, 2015 between Drake Cement LLC, Skanon Investments, Inc (guarantor) and the Bank of Nova Scotia, New York Agency (issuer), in order that the issuer make the direct payment of the credit for Drake Cement to the US Bank National Association (trustee), which entered into a trust agreement with the Development Authority of Yavapai (authority) County, 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 as a result 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 March 31, 2021 and December 31, 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 March 31, 2021 and December 31, 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 on the basis of its non-consolidated results.

As of March 31, 2021 and December 31, 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.	2013 and 2016 to 2020
Compañía Eléctrica El Platanal S.A.	2016-2020
Generación Eléctrica Atocongo S.A.	2016-2020
Unión de Concreteras S.A.	2015-2020
CONCREMAX S.A.	2016-2020
Inversiones en Concreto y Afines S.A.	2016-2020
Prefabricados Andinos Perú S.A.C.	2016-2020
Transportes Lurín S.A.	2016-2020
Depósito Aduanero Conchán S.A.	2016-2020
Inversiones Imbabura S.A.	2016-2020
Inversiones Nacionales y Multinacionales Andinas S.A.	2016-2020
ARPL tecnología Industrial S.A.	2016-2020
Vigilancia Andina S.A.	2016-2020

## Notes to the consolidated financial statements (continued)

	<b>Periods open to review</b>
<b>In Ecuador -</b>	
UNACEM Ecuador S.A.	2018-2020
Unión de Concreteras UNICON UCUE Cia. Ltda.	2018-2020
<b>In Chile -</b>	
Prefabricados Andinos S.A.	2016-2020
Unicon Chile S.A.	2018-2020
Cementos la Unión S.A.	2018-2020
Inversiones MEL20 Limitada	2018-2020
<b>In Colombia -</b>	
Prefabricados Andinos Colombia S.A.S.	2016-2020
<b>In United State of America</b>	
	2016-2020

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 March 31, 2021 and December 31, 2020.

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

	<b>2021</b>	<b>2020</b>
	S/(000)	S/(000)
Skanon Investments Inc. and Subsidiaries (i)	2,001,205	1,928,705
Compañía Eléctrica El Platanal S.A. and Subsidiaries (ii)	305,695	304,541
Prefabricados Andinos S.A. - PREANSA Chile(ii)	53,326	46,390
Prefabricados Andinos Perú S.A.C. (ii)	14,444	13,044
Unicon Chile S.A. (iii)	11,816	11,816
Prefabricados Andinos Colombia S.A.S. (iii)	8,406	8,406
Concremax S.A. (ii)	5,747	9,969
Depósito Aduanero Conchán S.A. (ii)	2,025	2,005
Transportes Lurín S.A. (ii)	473	469
Unión de Concreteras S.A. (ii)	294	3,696
Other minor Peruvian subsidiaries(ii)	415	375

(i) The accumulated federal and state carryforward tax losses of the subsidiaries in the United States of America amount to approximately US\$ 288,056,000 and US\$ 245,030,000, respectively (equivalent to approximately S/ 1,081,362,000 and S/ 919,843,000, 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
- Income tax for the 2013 financial year
- Interest penalties for payments on account for the year 2014 -
- Contribution to the mining, metallurgical and iron and steel retirement compensation fund for the year 2013
- Contribution to the mining, metallurgical and iron and steel retirement compensation fund for the year 2015
- Mining Royalties, Ex Cementos Lima, years 2008 and 2009
- Mining Royalties, Ex Cemento Andino, Year and 2008

#### CONCREMAX

- Income tax for the 2012 financial year

As of March 31, 2021 and December 31, 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.

## Notes to the consolidated financial statements (continued)

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 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 analyses shown in the following sections relate to the position as of March 31, 2021 and December 31, 2020.

This sensitivity analyzes were prepared on the assumption that the amount of net debt, the coefficient of fixed interest rates on variable interest rates of debt and derivative financial instruments, and the proportion of financial instruments in currency are all constant as of March 31, 2021 and December 31, 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 variable to:	Payments set to:	Fairvalue	
					As of March 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%	18,746	21,488
Santander S.A.	45,000	November, 2023	Libor to 3 months + 1.85%	5.03%	13,096	14,575
Bank of Nova Scotia	30,000	September 2025	Libor to 3 months + 2.60%	5.66%	6,095	7,272
Banco Scotiabank (Chile)	1,883	March 2022	Libor to 1 month + 1.94%	5.40%	1,579	1,568
Banco Scotiabank (Chile)	3,355	October 2023	Libor to 1 months + 1.85%	5.55%	372	369
Banco de Crédito e Inversiones (BCI)	-	November, 2027	6.78	3.377%	151	364
Banco Scotiabank (Chile)	4,000	August 2021	Libor to 3 months + 1.1%	4.75%	123	191
					40,162	45,827

## Notes to the consolidated financial statements (continued)

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 March 31, 2021 and December 31, 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 March 31, 2021 and 2020 the Group recognized an expense on these derivative financial instruments amounting to approximately S/3,870,000 and S/ 2,033,000 respectively, whose amounts were actually paid during the year and are presented as "Borrowing Costs" in the consolidated statement of income.

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.

(ii) Foreign currency risk -

The result of holding balances in foreign currency for the Group in the period ended on March 31, 2021 and 2020 was a loss amounting approximately S/ 20,012,000 and S/ 26,469,000, respectively, which are presented in the caption "Exchange difference, net" in the consolidated statement of income.

As of March 31, 2021 and December 31, 2020, the Group has "Cross Currency Interest Rate Swap" amounting to S/ 4,670,000 and S/ 2,971,000 in favor of the bank, respectively, and hedging of risks associated with exchange rate fluctuations. These instruments were designated as held for trading.

As of March 31, 2021 and 2020, variations in fair value are recognized as an expense or income. As of March 31, 2021 and 2020, the effect corresponds to an expense of approximately S/ 1,700,000 and S/ 1,689,000 and is presented as part of the caption "Financial expenses" of the consolidated statement of results.

Likewise, as of March 31, 2021 and 2020, a financial expense and income was recognized for these derivative financial instruments amounting to approximately S/170,000 and S/ 39,000, respectively, whose amounts have been effectively paid during the year and are presented as part of the item "Financial expenses" and "Financial income", net of the consolidated statement of income.

Foreign currency sensitivity -

Foreign currency transactions made at free market exchange rates published by the Superintendence of Banks, Insurance and Private Funds Peru Managers. As of March 31, 2021, the weighted average exchange rates of the free market for transactions in U.S. Dollars were S/ 3.754 for buying and S/ 3.758 for selling (S/ 3.618 for buying and S/3.624 for selling as of December 31, 2020), respectively.

As of March 31, 2021 and December 31, 2020, the Group had the following assets and liabilities in foreign currency:

## Notes to the consolidated financial statements (continued)

### American Dollars

	2021		2020	
	US\$(000)	Equivalent S/(000)	US\$(000)	Equivalent S/(000)
<b>Asset</b>				
Cash and cash equivalents	20,213	75,969	26,651	96,423
Trade and other payables	81,025	304,289	84,749	306,621
	<u>101,238</u>	<u>380,258</u>	<u>111,400</u>	<u>403,044</u>
<b>Liabilities</b>				
Other financial liabilities	(230,348)	(865,647)	(261,841)	(948,912)
Trade and other payables	(44,447)	(167,082)	(39,871)	(144,493)
	<u>(274,795)</u>	<u>(1,032,729)</u>	<u>(301,712)</u>	<u>(1,093,405)</u>
Derivative financial instrument in foreign currency	(1,243)	(4,670)	(820)	(2,972)
<b>Net liability position</b>	<u>(174,800)</u>	<u>(657,141)</u>	<u>(191,132)</u>	<u>(693,333)</u>

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 March 31, 2021 S/(000)	As of March 31, 2020 S/(000)
%		
+5	(32,865)	(45,337)
+10	(65,730)	(90,673)
-5	32,865	45,337
-10	65,730	90,673

### 22.2 Credit risk -

As of March 31, 2021, no significant impact on the Company and its Subsidiaries credit behavior has been identified as a consequence 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.

## Notes to the consolidated financial statements (continued)

### 22.3 Liquidity risk –

The Group monitors its risk of shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity and flexibility of financing through the use of overdrafts in bank checking accounts, bank loans, and other financial liabilities.

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

	<b>As of March 31, 2021</b>			
	<b>From 1 to 12</b>	<b>From 2 to 3 years</b>	<b>From 4 to more</b>	<b>Total</b>
	<b>months</b>		<b>years</b>	
	S/(000)	S/(000)	S/(000)	S/(000)
Trade and other payables (*)	599,751	33,024	15,203	647,978
<b>Other financial liabilities</b>				
Amortization of capital	779,183	1,464,587	2,227,994	4,471,764
Flow of interest payments	185,480	352,736	300,692	838,908
<b>Lease liabilities</b>				
Amortization of capital	13,013	11,890	6,036	30,939
Flow of interest payments	2,848	3,263	5,847	11,958
<b>Total liabilities</b>	<u>1,580,275</u>	<u>1,865,500</u>	<u>2,555,772</u>	<u>6,001,547</u>

	<b>As of December 31, 2020</b>			
	<b>From 1 to 12</b>	<b>From 2 to 3 years</b>	<b>From 4 to more</b>	<b>Total</b>
	<b>months</b>		<b>years</b>	
	S/(000)	S/(000)	S/(000)	S/(000)
Trade and other payables (*)	587,116	26,080	16,468	629,664
<b>Other financial liabilities</b>				
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
<b>Lease liabilities</b>				
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>	<u>1,898,741</u>	<u>1,914,712</u>	<u>2,063,695</u>	<u>5,877,148</u>

(\*) As of March 31, 2021 and December 31, 2020, it does not include customer advances, taxes, contributions and labor contributions and general sales tax for approximately S/67,195,000 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 March 31, 2021 and December 31, 2020.



## Notes to the consolidated financial statements (continued)

### 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:

	<b>As of March 31, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
Derivative financial instruments:		
Level 2	44,832	48,798
<b>Total, liabilities, note 22.1(i) and (ii)</b>	<u>44,832</u>	<u>48,798</u>

(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:

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.

	<u>As of March 31, 2021</u>		<u>As of December 31, 2020</u>	
	Carrying value	Fair value	Carrying value	Fair value
	S/(000)	S/(000)	S/(000)	S/(000)
Other financial liabilities (*)	4,262,883	3,921,798	4,025,037	3,866,411

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

## Notes to the consolidated financial statements (continued)

### 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 loss 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)

### Eliminations and Reconciliation -

Financial income and expenses, and gains and losses from changes in fair value of financial assets at the individual segments are not charged because the underlying instruments are managed at centralized level.

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

A reconciliation of the effective rate of income tax as of March 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>	251,619	145,279
Financial Income	2,034	1,825
Finance cost	(60,314)	(60,400)
Participation in net income of associates and joint business	1,693	622
Inter segments	67,715	48
<b>Income before tax for segment</b>	<u>262,747</u>	<u>87,374</u>

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

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
<b>Reconciliation of assets -</b>		
<b>Segment operating assets</b>	10,894,526	10,625,241
Deferred income tax asset	223,514	177,328
Other assets	18,414	14,318
<b>Operating assets of the Group</b>	<u>11,136,454</u>	<u>10,816,887</u>
<b>Reconciliation of liabilities -</b>		
<b>Segment operating liabilities</b>	920,462	863,711
Other financial liabilities	4,471,764	4,455,755
Trade payables to Directors	1,803	1,247
Deferred income tax liability	596,643	595,086
Derivative financial instruments	44,832	48,798
<b>Operating liabilities of the Group</b>	<u>6,035,504</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 March 31, 2021 and 2020 is as follows:

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
<b>Income of customers</b>		
Peru	735,336	589,117
Ecuador	136,010	103,858
United State of America	152,143	138,335
Chile	57,857	72,820
Colombia	5,613	1,207
<b>Total income according to the consolidated statements of income</b>	<u>1,086,959</u>	<u>905,337</u>

Total non-current assets by location as of March 31, 2021 and December 31, 2020 is as follows:

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
<b>Non-current assets:</b>		
Peru	6,633,631	6,673,382
United State of America	1,505,516	1,450,122
Ecuador	839,313	812,132
Chile	274,676	109,866
Colombia	30,429	32,093
<b>Non- current assets according to the financial statement</b>	<u>9,283,565</u>	<u>9,077,595</u>

### 25. Subsequent events

On April 17, 2021, the Peruvian Government extended the State of National Emergency for a period of 31 days from May 1, 2021 as a result of COVID-19. Likewise, it has established a series of measures focused on extreme, very high, high and moderate alert levels by province and department, where certain economic activities are restricted, compulsory social immobilization, entry into the national territory, reductions in capacity of premises and shopping centers. These provisions do not affect the activities of the Company and its subsidiaries operating in Peru since they are in the area related to construction and services, which continue to be carried out as authorized activities.

The Group Management continues to monitor the evolution of the situation and the guidance of the national and international authorities, as events beyond the control of the Group Management may arise that require the business plan to be adjusted. A new outbreak or further spread of COVID-19 and the consequent measures taken to limit the spread of the disease could affect the ability of the Company and its subsidiaries to conduct business in the usual way and therefore, affect the financial situation and the operating result.