

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

UN-AUDITED Consolidated Interim Financial Statements

As of June 30, 2021 and December 31, 2020

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

**Statement of Financial Position**

For the periods ended Jun 30, 2021 and December 31, 2020

(In thousands of Soles)

	Notes	As of June 30, 2021	As of December 31, 2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	853,790	561,120
Other Financial Assets		-	-
<b>Trade Accounts Receivable and other accounts receivable</b>		<b>574,426</b>	<b>566,988</b>
Trade Accounts Receivable , net	4	485,583	405,526
Other Accounts Receivable , net	4	47,331	120,165
Accounts Receivable from Related Companies	4	29,593	30,611
Advanced payments	4	11,919	10,686
Inventories	5	637,776	576,052
Biological Assets		-	-
Assets by Income Taxes	4	9,260	19,634
Other Non-Financial Assets		39,544	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>2,114,796</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>2,114,796</b>	<b>1,739,292</b>
<b>Non-Current Assets</b>			
Other Financial Assets	3	-	21,708
Investments in subsidiaries, joint ventures and associates		20,988	23,994
<b>Trade Accounts Receivables and other accounts receivables</b>		<b>104,555</b>	<b>55,924</b>
Trade Accounts Receivable		-	-
Other Accounts Receivable	4	99,148	49,540
Accounts Receivable from Related companies		-	-
Advanced payments	4	5,407	6,384
Biological Assets		-	-
Investment Property		-	-
Property, Plant and Equipment , net	7	7,351,886	7,260,394
Intangible Assets , net	8	225,878	219,559
Assets Deferred Income Tax	12(a)	228,515	177,328
Surplus value	9	1,176,425	1,172,139
Other Assets		156,156	146,549
<b>Total Non-current Assets</b>		<b>9,264,403</b>	<b>9,077,595</b>
<b>TOTAL ASSETS</b>		<b>11,379,199</b>	<b>10,816,887</b>

	Notes	As of June 30, 2021	As of December 31, 2020
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Other Financial Liabilities	11	801,522	1,110,123
<b>Trade accounts payable and other payable accounts</b>		<b>814,579</b>	<b>664,759</b>
Trade Accounts Payable	10	517,060	454,876
Other Accounts Payable	10	265,323	171,243
Accounts payable to related companies	10	18,878	22,753
Deferred Income		13,318	15,887
Provision for Employee Benefits		-	-
Other provisions		48,239	54,708
Income tax liabilities		49,962	16,435
Other non-financial liabilities	6(b)	12,051	9,873
<b>Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale</b>		<b>1,726,353</b>	<b>1,855,898</b>
Liabilities included in asset groups classified as held for sale		-	-
<b>Total Current Liabilities</b>		<b>1,726,353</b>	<b>1,855,898</b>
<b>Non-Current Liabilities</b>			
Other Financial Liabilities	11	3,742,503	3,345,632
<b>Trade accounts payable and other payable accounts</b>		<b>37,178</b>	<b>42,548</b>
Trade Accounts Payable		-	-
Other Accounts Payable	10	37,178	42,548
Accounts payable to related companies		-	-
Deferred Income		-	-
Provision for Employee Benefits		-	-
Other provisions		58,887	63,530
Liabilities Deferred Income Taxes	12(a)	592,320	595,086
Other non-financial liabilities	6(b)y22.1	60,535	61,903
<b>Total Non-Current Liabilities</b>		<b>4,491,423</b>	<b>4,108,699</b>
<b>Total Liabilities</b>		<b>6,217,776</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		2,431,664	2,253,019
Other Equity Reserves		346,638	252,052
<b>Shareholders' equity attribute to the owners of the Parent</b>		<b>4,922,037</b>	<b>4,648,806</b>
Non Controlling interest		239,386	203,484
<b>Total Stockholders' Equity</b>		<b>5,161,423</b>	<b>4,852,290</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>11,379,199</b>	<b>10,816,887</b>

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

## Income Statement

For the periods ended June 30, 2021 and 2020  
(In thousands of Soles)

	Notes	For the specific quarter from April 1, to June 30, 2021	For the specific quarter from April 1, to June 30, 2020	For the cumulative period from January 1st to June 30, 2021	For the cumulative period from January 1st to June 30, 2020
Incomes from ordinary activities	14	1,193,129	515,474	2,280,088	1,420,811
Cost of Sales	15	-883,708	-461,838	-1,626,910	-1,118,840
<b>Profit (Loss) Gross</b>		<b>309,421</b>	<b>53,636</b>	<b>653,178</b>	<b>301,971</b>
Selling Expenses and distribution		-27,818	-16,771	-48,247	-38,618
Administrative expenses	16	-79,802	-50,986	-147,140	-109,960
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	17	7,025	5,575	106,201	17,756
Other Operating Expenses		-10,888	-63,228	-26,708	-71,127
Other profit (loss)		-	-	-	-
<b>Profit (Loss) from operating activities</b>		<b>197,938</b>	<b>-71,774</b>	<b>537,284</b>	<b>100,022</b>
Financial Income		9,919	2,846	11,953	4,671
Financial Expenses	18	-53,351	-60,976	-113,665	-121,376
Exchange differences, net		-17,016	-22,566	-37,028	-49,035
Share of Profit (Loss) in net results from Equity-Accounted Joint Ventures and related companies		-414	-321	1,279	301
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>137,076</b>	<b>-152,791</b>	<b>399,823</b>	<b>-65,417</b>
Income tax expenses	12(b)	-48,977	38,097	-98,092	11,875
<b>Profit (Loss) Net of Continued Operations</b>		<b>88,099</b>	<b>-114,694</b>	<b>301,731</b>	<b>-53,542</b>
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
<b>Profit (loss) net of the year</b>		<b>88,099</b>	<b>-114,694</b>	<b>301,731</b>	<b>-53,542</b>
<b>Profit (Loss) net, attributable to :</b>					
Owners of the Parent		62,925	-120,633	264,276	-66,790
Non-controlling interest		25,174	5,939	37,455	13,248
<b>Net Profit (Loss) of the Year</b>		<b>88,099</b>	<b>-114,694</b>	<b>301,731</b>	<b>-53,542</b>

**UNION ANDINA DE CEMENTOS S.A.A. AND SUBSIDIARIES**  
**Statement of Comprehensive Income**  
For the periods ended June 30, 2021 and 2020  
(In Thousands of Soles)

Notes	For the specific quarter from April 1, to June 30, 2021	For the specific quarter from April 1, to June 30, 2020	For the cumulative period from January 1st to June 30, 2021	For the cumulative period from January 1st to June 30, 2020
<b>Net Profit (Loss) of the year</b>	88,099	-114,694	301,731	-53,542
<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	33,663	45,344	91,420	87,068
Net variation of non-current assets or groups of assets held for sale	-	-	-	-
Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method	-	-	-	-
Revaluation Surplus	-	-	-	-
Actuarial Gain (Loss) on defined benefit pension plans	-	-	-	-
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability	-	-	-	-
<b>Sum of Income Tax-Related Components of other comprehensive income</b>	<b>33,663</b>	<b>45,344</b>	<b>91,420</b>	<b>87,068</b>
<b>Other Comprehensive Income</b>	<b>33,663</b>	<b>45,344</b>	<b>91,420</b>	<b>87,068</b>
<b>Total Comprehensive Income for the period , net of income tax</b>	<b>121,762</b>	<b>-69,350</b>	<b>393,151</b>	<b>33,526</b>
<b>Comprehensive Income attributable to:</b>				
Owners of the Parent	97,919	-79,293	358,862	5,681
Non-controlling interest	25,452	8,541	38,925	14,457
<b>Total Comprehensive Income of the Year, net</b>	<b>123,371</b>	<b>-70,752</b>	<b>397,787</b>	<b>20,138</b>

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

**Statement of Cash Flow**

Direct Method

For the periods ended June 30, 2021 and 2020

(In thousands of Soles)

	Notes	As of January 1st, 2021 to June 30, 2021	As of January 1st, 2020 to June 30, 2020
<b>Operating activities cash flows</b>			
<b>Types of cash collections from operating activities</b>			
Sale of Goods and Services		2,655,165	1,817,744
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		2,821	-
<b>Types of cash collections from operating activities</b>			
Suppliers of goods and services		-1,535,663	-1,266,455
Contracts held for brokering or trading purposes		-	-
cash payments to and on behalf of employees		-325,193	-298,469
Elaboration or acquisition of assets to be leased and other assets held for sale		-	-
Other Cash Payments Related to Operating Activity		-183,452	-69,628
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>613,678</b>	<b>183,192</b>
Interests received (not included in the Investment Activities)		-	-
Interests paid (not included in the Investment Activities)		-104,073	-113,497
Dividends Received (not included in the Investment Activities)		-	-
Dividends Paid (not included in the Investment Activities)		-	-
Income tax (paid) reimbursed		-74,959	-94,380
Other cash collections (payments)		-	-
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>434,646</b>	<b>-24,685</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		3,331	239
Sale of intangible assets		-	-
Sale of other long- term assets		-	-
Government Subventions		-	-
Interests received		-	-
Dividends received		20,603	-
<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)	-115,439	-75,165
Purchase of intangible assets		-1,726	-2,143
Purchase of other long- term assets		-	-
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to Investment activities		23,925	-781
<b>Cash flows and cash equivalents from (used in) investing activities</b>		<b>-69,306</b>	<b>-77,850</b>
<b>Cash flows from Financing activities</b>			
<b>Type of cash collections from financing activities</b>			
Loan securing		1,558,467	1,225,398
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		-1,577,282	-806,349
Leasing liabilities		-6,610	-4,615
Changes to the subsidiaries ownership interest not resulting in the loss of control		-2,152	-
Redemption or repurchase of the entities' shares (Shares in the portfolio)		-	-
Acquisition of other equity interest		-	-
Interests paid		-	-
Dividends paid		-47,171	-23,910
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to financing activities		3,455	-
<b>Cash flows and cash equivalents from (used in) financing activities</b>		<b>-71,293</b>	<b>390,524</b>
<b>Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates</b>		<b>294,047</b>	<b>287,989</b>
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-1,377	2,456
<b>Increase (Decrease) in Net Cash and Cash Equivalents</b>		<b>292,670</b>	<b>290,445</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>853,790</b>	<b>414,782</b>
		-	0

**UNION ANDINA DE CEMENTOS S.A.A. AND SUBSIDIARIES**  
**Statement of change in Stockholder's Equity**  
For the periods ended June 30, 2021 and 2020  
(In Thousands of Soles)

	Other Equity Reserves															Subtotal	Shareholders' equity attribute to the owners of the Parent	Non-controlling Interest	Total Stockholders' Equity
	Capital Issued	Issuance Premiums	Investment shares	Treasury Shares in Portfolio	Other Capital Reserves	Accrued Results	Cash Flow Hedges	Investment Hedges, net of foreign businesses	Investments in equity instruments accounted at fair value	Exchange difference on translation of Foreign Operations	Non-current assets or groups of assets held for sale	Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method	Revaluation Surplus	Actuarial Profit (Loss) on defined benefit pension plans	Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability				
Balances as of January 1, 2020	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						-66,790											-66,790	13,248	-53,542
7. Other Comprehensive Income:						-	-12,970	-	-	85,441	-	-	-	-	-	72,471	72,471	1,209	73,680
8. Comprehensive Income - Total year						-66,790	-12,970	-	-	85,441	-	-	-	-	-	72,471	5,581	14,457	20,138
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	-	-	-	-	-	1,031											1,031	-470	561
Total Equity Increase (decrease)	-	-	-	-	-	-89,395	-12,970	-	-	85,441	-	-	-	-	-	72,471	-16,924	13,957	-2,937
Balance as of June 30, 2020	1,818,128	-38,019	-	-	363,626	2,107,353	-42,185	-	-	248,109	-	-	-	-	-	205,924	4,457,012	180,096	4,637,108
Balance as of January 1, 2021	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						264,276											264,276	37,455	301,731
7. Other Comprehensive Income:						-	4,994	-	-	89,592	-	-	-	-	-	94,586	94,586	1,470	96,056
8. Comprehensive Income - Total year						264,276	4,994	-	-	89,592	-	-	-	-	-	94,586	358,862	38,925	397,787
9. Cash Dividends Declared						-83,634											-83,634	-3,707	-87,341
10. Equity Issuance (reduction)	-	-	-	-	-	-											-	-	-
11. Reduction or amortization of Investment shares	-	-	-	-	-	-											-	-	-
12. Increase (decrease) in Other Contributions by Owners	-	-	-	-	-	-											-	-	-
13. Decrease (Increase) for Other Distributions to Owners	-	-	-	-	-	-											-	-	-
14. Increase (Decrease) due to changes in the subsidiaries ownership interest not resulting in the loss of control	-	-	-	-	-	-2,835											-2,835	683	-2,152
15. Increase (decrease) for transactions with Treasury Shares in Portfolio	-	-	-	-	-	-											-	-	-
16. Increase (Decrease) for Transfer and other Equity Changes	-	-	-	-	-	838											838	1	839
Total Equity Increase (decrease)	-	-	-	-	-	178,645	4,994	-	-	89,592	-	-	-	-	-	94,586	273,231	35,902	309,133
Balance as of June 30, 2021	1,818,128	-38,019	-	-	363,626	2,431,664	-30,877	-	-	377,515	-	-	-	-	-	346,638	4,922,037	239,386	5,161,423

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

## UN-AUDITED Consolidated Interim Financial Statements

As of June 30, 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 June 30, 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 second 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) UNACEM Chile S.A. (formerly Cementos la Unión S.A. or 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 UNACEM Chile S.A. (hereinafter UNACEM 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.

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

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

UNACEM Chile has a plant located in the port of San Antonio with a 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 UNACEM Chile for US\$ 23,128,000 guaranteed by UNACEM, see note 4 (c).

## Notes to the consolidated financial statements (continued)

(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 for 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 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.

The Group acquired UNACEM Chile 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.

As of June 30, 2021, the Group's Management has made its best estimate regarding this operation, generating a badwill for approximately S/ 58,317,000 recognized in results within the caption "Other Income", see note 17; however, according to IFRS 3, the Group's Management has a term of one year from the acquisition date to establish the final fair values of assets and liabilities of UNACEM Chile and MEL20.

### 1.2 COVID-19

The 2020 was a year of great challenges for the world and the countries in which the Group operates, as a result of the COVID-19 pandemic. In this context, the Company and its subsidiaries implemented plans with measures that have allowed them to cope with this crisis, having as a fundamental pillar to ensure the safety and health of their employees; and the sustainability of the Company and its subsidiaries and of all its shareholders.

In 2021 we continue in the health crisis, facing a very difficult environment, despite having overcome the "second wave" of the pandemic, the Peruvian government continues with preventive measures, such as Supreme Decree No. 008-2020-SA of the March 11, 2020 and amendments that establish the extension of the state of health emergency until September 3, 2021, also through Supreme Decree No. 184-2020-PCM of November 30, 2020 and amendments that provided for the extension of the state of national emergency until August 31, 2021, accompanied by a series of targeted measures to continue facing the pandemic, including: a level of alerts and measures (extreme, very high, high and moderate) was established by provinces and departments of the country, Obligatory social immobilization, entry restrictions to the national territory and, reduction of capacity of premises and shopping centers, among others.

In the same way, the Ecuadorian government through Executive Decree No. 116 of July 14, 2021, established the extension of the State of Exception, until August 27, 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 2021, the subsidiary UNACEM Ecuador has continued its operating activities normally.



## Notes to the consolidated financial statements (continued)

Likewise, the Chilean Government established the extension of the health alert until September 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 restore mobility throughout the country. During 2021, the subsidiaries UNICON Chile and UNACEM Chile have continued their activities normally.

The subsidiaries located in the United States of America have likewise continued their activities normally in 2021.

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 in the face of the evolution of the health crisis, with the aim of taking care of liquidity and working capital, which they are allowing the Company and its subsidiaries to fulfill their obligations to workers, suppliers and customers throughout the entire value chain.

## Notes to the consolidated financial statements (continued)

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

As of June 30, 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)(vi)		
			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	-	2,097,489	1,947,595	477,610	394,071	1,619,879	1,553,524	60,308	21,785	
Unites States	Skanon Investments Inc. and Subsidiaries (ii)	Manufacture and sale of cement Concrete	95.71	-	86.55	8.68	1,739,566	1,473,702	703,545	615,024	1,036,021	858,678	14,279	4,137	
Peru	Compañía Eléctrica el Platanal S.A. y Subsidiaries (iii)	Electrical energy and power	90.00	-	90.00	-	1,202,649	1,231,393	437,306	486,585	765,343	744,808	20,535	1,396	
Peru	Inversiones en Concreto y Afines S.A. and Subsidiaries (iv)	Sale of concrete and ready mix	93.38	-	93.38	-	996,697	1,034,771	599,137	624,757	397,560	410,014	20,658	(39,746)	
Chile	UNACEM Chile S.A., see note 1.1 (a)	Production and sale of cement	99.81	0.19	-	-	278,573	-	197,067	-	81,506	-	(5,255)	-	
Peru	Prefabricados Andinos Perú S.A.C. and Subsidiary (v)	Manufacture and sale Precast Concrete	50.02	-	50.02	-	66,553	65,137	52,209	47,176	14,344	17,961	(3,033)	(3,844)	
Chile	Prefabricados Andinos S.A.( PREANSA Chile)	Manufacture and sale Precast Concrete	51.00	-	51.00	-	87,235	79,544	77,830	69,405	9,405	10,139	(783)	4,034	
Peru	Transportes Lurín S.A.( LURIN)	Services	99.99	-	99.99	-	1,046	35,166	7	-	1,039	35,166	(4,481)	(5)	
Peru	Generación Eléctrica de Atocongo S.A. (GEA)	Thermal plant operation services	99.85	0.15	99.85	0.15	35,518	33,339	34,493	31,765	1,025	1,574	(549)	257	
Peru	Depósito Aduanero Conchan S.A. (DAC)	Warehouse services	99.99	-	99.99	-	2,501	1,962	1,436	1,346	1,065	616	(81)	(318)	
Peru	Inversiones Nacionales y Multinacionales Andinas S.A.	Real estate business	90.90	9.10	90.90	9.10	18,265	18,266	4,952	4,957	13,313	13,309	4	24	
Peru	Vigilancia Andina S.A.( VASA)	Surveillance services	55.50	44.50	55.50	44.50	17,122	15,060	10,114	8,504	7,008	6,556	469	733	
Peru	ARPL Tecnología Industrial S.A. (ARPL)	Technical assistance and engineering services	100.00	-	100.00	-	39,762	65,766	6,605	25,149	33,157	40,617	(1,805)	813	
Peru	Minera Adelaida S.A. (MINERA)	Holding	99.99	-	99.99	-	368	348	206	204	162	144	(183)	(1)	
Peru	Naviera Conchan S.A. (NAVIERA)	Holding	100.00	-	100.00	-	11	10	6	21	5	(11)	(5)	(13)	
Unites States	Staten Island Company Inc. and Subsidiaries (ii)	Sale of aggregates	-	-	100.00	-	-	141,370	-	-	38,265	-	103,105	-	4,182

(i) The subsidiaries of Inversiones Imbabura S.A. (IMBABURA) are: UNACEM Ecuador S.A. (UNICON Ecuador) and Canteras y Voladuras S.A. (CANTYVOL) and Unicon Ucue Cia. Ltda. (UNICON Ecuador). Through a Shareholders' Act held on May 10, 2021, UNICON Peru approved the sale of 100 percent of its shares in UNICON Ecuador in favor of IMBABURA for the amount of S/ 51,114,000 (equivalent to US\$ 13,000,000) and dated June 29 ,2021, the transfer of participation was registered in the Mercantile Registry Ecuador. Likewise, on July 9, the merger of UNACEM Ecuador and UNICON Ecuador was approved (see note 25).

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

On May 17, 2021, the Company contributed its shares in Staten Island Co. LLC and subsidiaries in favor of Skanon Investments Inc for approximately S/ 58,953,000 (equivalent to US\$ 16,055,000). Additionally, on June 28, 2021, the Company purchased shares in Skanon Investments Inc. from its subsidiaries Inversiones en Concreto y Afines S.A for S/ 59,569,000, Transportes Lurín S.A. for S/ 29,646,000 and ARPL Tecnología Industrial S.A. for S/ 17,049,000 (equivalent to US\$ 15,142,000, US\$ 7,536,000 and US\$ 4,334,000 respectively).

(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), Entrepisos Lima S.A.C. (ENTREPISOS) and Unicon Chile S.A. (UNICON Chile). Likewise, UNICON Chile has its subsidiary Inversiones MEL20 Limitada (MEL20) 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) Balances as of June 30, 2021 compared to balances as of June 30, 2020.

## Notes to the consolidated financial statements (continued)

### 2. Summary of significant accounting policies

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

#### 2.1 Basis of preparation -

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

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

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

#### 2.2 Basis of consolidation-

The interim consolidated financial statements include the financial statements of the Company and its subsidiaries as of June 30, 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 June 30, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
Checking and savings accounts (b)	676,091	210,671
Term deposits (c)	165,394	337,064
Mutual Funds	9,490	11,935
Petty cash	2,815	1,450
	<u>853,790</u>	<u>561,120</u>
Financial investments	<u>-</u>	<u>21,708</u>
	<u>-</u>	<u>21,708</u>

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

(c) Correspond to 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.

## 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 June 30, 2021 S/(000)	As of December 31, 2020 S/(000)	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
<b>Commercial:</b>				
Trade accounts receivable (b)	472,876	383,565	18,325	16,594
Provision of bills receivable	33,047	32,185	-	-
	<u>505,923</u>	<u>415,750</u>	<u>18,325</u>	<u>16,594</u>
<b>Related:</b>				
Accounts receivable from related parties, note 19(b)	29,593	30,611	-	-
<b>Various:</b>				
Claims to Tax authority, note 21.3	13,581	7,468	82,398	38,554
Advances to suppliers	11,919	10,686	5,407	6,384
Claims to third parties	7,386	6,449	-	-
Loans to employees	6,113	6,837	8,479	6,682
Loans to employees (c)	-	83,678	-	-
Account receivable from the Escrow fund	-	3,374	-	-
Other accounts receivable	13,772	14,145	7,655	3,825
	<u>52,771</u>	<u>132,637</u>	<u>103,939</u>	<u>55,445</u>
Tax Credit due to General sales tax	12,544	4,529	616	479
Advance payments of income tax e temporary tax on net assets	9,260	19,634	-	-
	<u>21,804</u>	<u>24,163</u>	<u>616</u>	<u>479</u>
	<u>610,091</u>	<u>603,161</u>	<u>122,880</u>	<u>72,518</u>
Less - Expected credit loss (d)	(26,405)	(16,539)	(18,325)	(16,594)
	<u>583,686</u>	<u>586,622</u>	<u>104,555</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.

## Notes to the consolidated financial statements (continued)

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

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 UNACEM Chile. The loan granted by the Company has specific guarantees in its favor and will be paid in 2021, applying an effective annual interest rate equivalent to 2.42 percent. As of June 30, 2021, the reclassification was made to accounts receivable from related parties, which is eliminated in the consolidated financial statements.

- (d) According to the Group Management opinion, the allowance for doubtful accounts covers satisfactorily the loan losses as of June 30, 2021 and December 31, 2020.
- (e) As of June 30, 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 June 30, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
Spare parts and supplies	278,209	238,340
Raw and auxiliary materials	174,276	175,095
Work in progress	172,654	154,520
Finished goods	36,865	38,901
Packages and packing	27,737	18,053
Inventory in transit	4,579	10,867
	<hr/>	<hr/>
	694,320	635,776
Allowance for impairment of inventories (b)	(56,544)	(59,724)
	<hr/>	<hr/>
	637,776	576,052
	<hr/>	<hr/>

- (b) In opinion of Company's Management, the allowance for obsolescence of inventories covers appropriately its obsolescence risk as of June 30, 2021 and December 31, 2020.

### 6. Usage rights of Asset and Liabilities

- (a) Usage rights of Asset
- (i) As of June 30, 2021 and December 31, 2020 the book value amounts to approximately S/ 31,143,000 and S/ 22,559,000, respectively; the main leases being the land item.
- (ii) As of June 30, 2021 and 2020, depreciation amounts to approximately S/ 6,297,000 and S/ 4,573,000, respectively; recorded in Cost of sales, Administrative expenses and Sales expenses of the consolidated income statement, see note 15 and 16.

## Notes to the consolidated financial statements (continued)

(b) Lease liabilities

(i) This item is made up as follows:

	<b>As of June 30, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
<b>Classification -</b>		
Current	12,051	9,873
Non-current	17,042	13,105
	<hr/>	<hr/>
<b>Ending Balance</b>	<b>29,093</b>	<b>22,978</b>
	<hr/>	<hr/>

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

(a) This item is made up as follows:

	<b>As of June 30, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
<b>Cost -</b>		
<b>Opening Balance</b>	11,208,243	10,710,986
Additions (c)	123,611	279,000
Acquisition of Subsidiaries (d)	151,324	-
Reclassification of spare parts	(20,381)	49,969
Withdrawals, sales and others (e)	(26,103)	(94,016)
Exchange rate impact	196,536	262,304
	<hr/>	<hr/>
<b>Ending Balance</b>	<b>11,633,230</b>	<b>11,208,243</b>
	<hr/>	<hr/>
<b>Accumulated depreciation -</b>		
<b>Opening Balance</b>	3,947,849	3,461,672
Depreciation of the period (f)	218,541	429,001
Acquisition of Subsidiaries (d)	57,047	-
Withdrawals, sales and others (e)	(14,126)	(35,397)
Exchange rate impact	72,033	92,573
	<hr/>	<hr/>
<b>Ending Balance</b>	<b>4,281,344</b>	<b>3,947,849</b>
	<hr/>	<hr/>
<b>Net book value -</b>	<b>7,351,886</b>	<b>7,260,394</b>
	<hr/>	<hr/>

(b) As of June 30, 2021 and December 31, 2020, the book value of the assets acquired through financial lease and lease agreements amounts to approximately S/ 153,306,000 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 cooler dusting system, migration of the control system, installation of valve rack, major maintenance and modernization of the Cenit and Pillard system, carried out at kiln 2; in addition, the change of reducer in cement mill 6, change of sleeves in kiln 4 and change of plates of cement mill 8, corresponding to the Condorcocha plant. Likewise, disbursements made

## Notes to the consolidated financial statements (continued)

for the projects to change the shell of the cement mill, structural reinforcement and internal modification of chamber No. 1 of the multisilo, fire-fighting system in the electrical substations and main strips, repair of the clinker tower 1, structural reinforcement and modification of chamber 4 of the multisilo, corresponding to the Atocongo plant; for a total of approximately S/ 32,565,000.

- (ii) Additions of the SKANON subsidiaries for: i) acquisition of machinery and equipment for approximately US\$ 3,093,000 (equivalent to S/ 11,584,000) and Drake Cement projects for, i) comprehensive mill project for approximately US\$ 2,759,000 (equivalent to S/ 10,621,000), ii) a new storage construction project for approximately US\$ 946,000 (equivalent to S/ 3,640,000) and iii) a new crude mill construction project for approximately US\$ 372,000 (equivalent to S/ 1,430,000).
- (iii) Additions of UNICON Peru subsidiaries for: i) overhaul of trucks and machinery and equipment for approximately S/ 3,633,000 and for Concremax i) plant construction project for the new dry mix of bagging for approximately S/ 3,498,000.

The additions during fiscal year 2020 correspond mainly to:

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



## Notes to the consolidated financial statements (continued)

US\$ 1,481,000 (equivalent to S/ 5,358,000).

- (vii) Additions of the subsidiaries UNICON Peru for: i) acquisition of mixer trucks, front loaders and other equipment acquired under financial lease for approximately S/ 5,878,000 and ii) Overhaul of trucks for approximately S/ 8,723,000.
- (viii) Additions of the subsidiaries CELEPSA and CERE due to social commitments assumed through framework agreements for land purchase for approximately S/ 9,171,000.
- (d) Correspond to assets from companies UNACEM Chile S.A. and Inversiones MEL20 Limitada, see note 1.1.
- (e) As of December 31, 2020, it mainly includes the disposals of assets for approximately S/ 57,537,000 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 June 30, 2021</b>	<b>As of June 30, 2020</b>
	S/(000)	S/(000)
Cost of sales, see note 15	210,012	196,380
Administrative expenses, see note 16	6,556	5,516
Other expenses	1,542	988
Selling expenses	377	391
Inventories in process	54	5,849
	<hr/>	<hr/>
	218,541	209,124
	<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/ 157,810,000) 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.

## Notes to the consolidated financial statements (continued)

### 8. Intangible assets, net

(a) The depreciation was distributed as follows:

	As of June 30, 2021 S/(000)	As of June 30, 2020 S/(000)
Cost of sales, see note 15	2,863	3,457
Other expenses	1,637	1,573
Administrative expenses, see note 16	1,413	1,426
Selling expenses	1,147	210
	<u>7,060</u>	<u>6,666</u>

### 9. Goodwill

The goodwill balance as of June 30, 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.

### 10. Trade and other payables

(a) This item is made up as follows:

	As of June 30, 2021 S/(000)	As of December 31, 2020 S/(000)
Trade payable (b)	517,060	454,876
Salaries and vacation payable	82,038	52,943
Dividends payable, note 13 (f)	50,844	11,668
Customer advances	38,448	33,464
Interest payable, note 11 (c) and 11.1 (c)	21,957	21,187
Accounts receivable from related parties, note 19(b)	18,878	22,753
Commitments to communities	17,386	17,621
Taxes, contributions and labor contributions payable	16,827	17,800
Value Added to Tax payable	13,904	10,492
Interest on financial instruments payable	2,239	2,198
Director's remunerations payable	3,242	1,247
Other accounts payable	55,616	45,171
	<u>838,439</u>	<u>691,420</u>
<b>Term -</b>		
Current Portion	801,261	648,872
Non- Current Portion	37,178	42,548
	<u>838,439</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.

## Notes to the consolidated financial statements (continued)

The UNICON Perú and CONCREMAX subsidiaries offer their suppliers a program for the payment of their accounts through financial institutions. This program allows suppliers to sell their accounts receivable to financial institutions in a separate negotiated agreement between the supplier and the financial institution, allowing suppliers to better manage their cash flows and reducing their payment processing costs to subsidiaries. These subsidiaries have no direct financial interest in these transactions. All obligations with its suppliers are maintained according to the contractual agreements entered into between the counterparties. As of June 30, 2021 and December 31, 2020, the balances related to these operations amount to S/ 74,631,000 and S/ 67,357,000, respectively.

### 11. Other financial liabilities

(a) This item is made up as follows:

	As of June 30, 2021			As of December 31, 2020		
	Portion Current S/(000)	Portion Non- Current S/(000)	Total S/(000)	Portion Current S/(000)	Portion Non- Current S/(000)	Total S/(000)
Interest on bonds and long-term debt, note 11.1(a)	511,727	3,654,494	4,166,221	679,405	3,345,632	4,025,037
Bank overdrafts	19,835	-	19,835	278	-	278
Bank loans (b) and (c)	269,960	88,009	357,969	430,440	-	430,440
	<u>801,522</u>	<u>3,742,503</u>	<u>4,544,025</u>	<u>1,110,123</u>	<u>3,345,632</u>	<u>4,455,755</u>

(b) As of June 30, 2021, bank promissory notes correspond mainly to financing for working capital with fixed interest rates that fluctuate between 0.85 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 June 30, 2021 and December 31, 2020, the balance by bank is as follows:

		2021 S/(000)	2020 S/(000)
<b>Creditor -</b>			
Banco de Crédito del Perú S.A.	July 2021 and May 2022	211,970	123,000
Banco de Crédito e Inversiones (BCI)	June 2024	88,009	-
BBVA Banco Continental S.A.	July 2021	57,990	217,440
Scotiabank Perú S.A.	-	-	90,000
		<u>357,969</u>	<u>430,440</u>

## Notes to the consolidated financial statements (continued)

- (c) As of June 30, 2021 and December 31, 2020, interest payable on bank promissory notes amounted to approximately S/ 205,000 and S/ 2,926,000 and are recorded in the caption "Trade and sundry accounts payable" of the statement consolidated financial position, see note 10 (a). As of June 30, 2021 and 2020, the interest expenses amounted to approximately S/2,220,000 and S/4,115,000, respectively, and are included in the caption "Financial expenses" of the consolidated statement of income.

## Notes to the consolidated financial statements (continued)

### 11.1 Bank bonds and loans

(a) The balance is detailed below:

			As of June 30, 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)	444,590	416,760
Bonds (a.4)	March 2023	No guarantees	60,000	60,000
Amortized cost			504,590	476,760
			(11,398)	(11,453)
			<u>493,192</u>	<u>465,307</u>
<b>Bank loans (b) -</b>				
Banco de Crédito del Perú – BCP	March 2022, November 2025 and October 2026	No guarantees	746,613	793,780
Scotiabank del Perú	October 2024, March 2025 and January 2027	No guarantees	671,547	621,547
BBVA Banco Continental	January 2027	No guarantees	533,357	323,357
Banco Internacional del Perú	Between March 2022 and March 2027	No guarantees	488,385	488,385
Citibank N.A. (a.1)	October 2025	No guarantees	193,300	181,200
Santander S.A. (a.1)	November, 2023	No guarantees	173,970	163,080
Santander S.A.	March 2023	No guarantees	135,310	126,840
Banco de Crédito del Perú – BCP	March 2022 and March 2027	No guarantees	131,444	123,216
Banco de Crédito del Perú – BCP	August 2030	Guarantee on movable and immovable property, see note 7 (g)	106,946	102,756
Bank of Nova Scotia (a.1)	September 2025	No guarantees	98,583	103,284
Scotiabank del Perú	April 2025	Guarantee on property, see note 7 (g)	61,200	72,000
Citibank N.A. (New York)	July 2024	No guarantees	30,122	31,559
BBVA Banco Continental	December, 2024	No guarantees	28,772	28,773
Banco Internacional del Perú (a.2)	Between March 2023 and September 2023	Reactivating Peru	26,031	39,387
Banco Scotiabank (Chile) (a.1)	August 2021	Letter of credit, see note 21.1(b)	15,306	14,490
Scotiabank (Chile)	Between January 2021 and October 2023	No guarantees	12,516	15,257
BBVA Banco Continental (a.1)	November, 2022	Letter of credit, see note 21.1(b)	12,225	11,486

## Notes to the consolidated financial statements (continued)

Banco de Crédito del Perú – BCP (a.2)	May 2023	Reactivating Peru	10,990	11,461
Scotiabank del Perú	September 2021	Management and guarantee trust, see note 21.1 (c)	9,665	27,180
Santander S. A.	June, 2025	No guarantees	9,272	9,970
Banco de Crédito del Perú – BCP	September 2021	Management and guarantee trust, see note 21.1 (c)	8,737	24,571
Scotiabank del Perú (a.2)	July 2023	Reactivating Peru	-	10,000
Less than S/ 10,000.000	-		49,547	60,080
			<u>3,553,838</u>	<u>3,383,659</u>
Amortized cost			(13,917)	(15,800)
			<u>3,539,921</u>	<u>3,367,859</u>
<b>Finance leasebacks -</b>				
Banco de Crédito del Perú S.A.	May 2021	-	-	49,935
Scotiabank (Chile)	March 2024	-	2,978	3,315
			<u>2,978</u>	<u>53,250</u>
Amortized cost			-	(105)
			<u>2,978</u>	<u>53,145</u>
<b>Finance leases -</b>				
Consortio Transmantaro S.A.	July 2039	-	59,197	55,762
Scotiabank Perú S.A.A.	Between January 2021 and December 2023	-	20,508	26,263
Banco de Crédito e Inversiones (BCI)	November, 2027	-	10,937	11,087
Banco Internacional del Perú	Between September 2021 and October 2022	-	5,789	8,538
Less than S/ 10,000.000	-	-	29,405	36,679
			<u>125,836</u>	<u>138,329</u>
Factoring			4,294	397
<b>Total</b>			<u>4,166,221</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 June 30, 2021 and December 31, 2020, the Group maintains a balance of long-term loans for approximately S/ 37,021,000 and S/ 60,848,000, respectively, with various Peruvian local entities, through the Reactiva Peru program created by Legislative Decree No. 1457 in order to respond quickly and effectively to liquidity needs in the face of the impact of COVID-19. Said loan accrues an interest between 0.79 and 1.18 percent per annum and matures between May 2022 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 June 30, 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 June 30, 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 covenants required by the state of Yavapai as of June 30, 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 June 30, 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 for quarterly, semi-annual and annual monitoring and must be calculated based on the separate and/or consolidated financial information of the Company and its subsidiaries and the calculation methodologies required by each financial entity.

- (i) As of June 30, 2021, the main financial covenants based on the separated financial information are as follow:

Unión Andina de Cementos S.A.A.:

- Maintain an index debt minor or equal to 1.5 times.
- Maintain a debt service coverage ratio greater than or equal to 1.2 times.
- Maintain an interest coverage ratio major o equal to 3.0 times.
- Maintain an index of hedge of debt of financial debt/EBITDA minor to 5.5 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 an index of hedge of debt of financial debt/EBITDA minor or equal to 2.5 times.

### Unicon Chile S.A.:

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

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

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

### Celepsa Renovables S.A.C.:

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

(ii) As of June 30, 2021, the main financial covenants based on the consolidated financial information are as follow:

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

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

### Skanon Investments Inc. and Subsidiaries.

- Maintain a leverage ratio of less than 1.0 time.

As of June 30, 2021, UNICON Peru, UNICON Chile and PREANSA Peru 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. 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).

## Notes to the consolidated financial statements (continued)

- (c) As of June 30, 2021 and December 31, 2020, interests' payable related to bonds and long and medium-term debt are amounted to approximately S/ 21,752, 23,975 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 June 30, 2021 and 2020, amounting approximately S/ 86,433,000 and S/ 99,094,000, respectively, and are included in the item "Financial costs" of the consolidated income statement.

- (d) As of June 30, 2021, the Group maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 2.26 to 8.06 percent. Bank loans in dollars are at a variable rate plus a margin (3-month Libor and 1-month Libor plus a margin that fluctuates between 1.75 to 3.20 percent) and at a fixed rate between 2.66 to 12 percent.

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

### 12. Income tax

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

	<b>As of June 30, 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	(6,834)	28,358
Charges to comprehensive income	(2,318)	2,017
Acquisition of Subsidiaries, see 1.1.	52,537	-
Exchange rate impact	14,043	17,145
Others	(26)	555
<b>Ending Balance</b>	<u>415,572</u>	<u>358,170</u>
<b>Deferred liability -</b>		
<b>Opening Balance</b>	(775,928)	(807,864)
Consolidated income statement impact	17,902	40,275
Acquisition of Subsidiaries, see 1.1.	(14,272)	-
Exchange rate impact	(7,079)	(8,339)
<b>Ending Balance</b>	<u>(779,377)</u>	<u>(775,928)</u>
<b>Total net liability for deferred income tax</b>	<u>(363,805)</u>	<u>(417,758)</u>

## Notes to the consolidated financial statements (continued)

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

	<b>As of June 30, 2021</b>	<b>As of June 30, 2020</b>
	S/(000)	S/(000)
Current	(114,635)	(29,340)
Deferred	11,068	38,764
Compensation for tax loss	6,968	2,566
Royalty Expenses	(1,493)	(115)
	<hr/>	<hr/>
Total	(98,092)	11,875
	<hr/>	<hr/>

### 13. Net Equity

- (a) Capital issued-

As of June 30, 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 June 30, 2021</b>	
	<b>Number of shares</b>	<b>Percent of participation %</b>
Inversiones JRPR S.A.	456,669,897	25.12
Nuevas Inversiones S.A.	459,129,497	25.25
AFP's	438,206,789	24.10
Others	464,121,428	25.53
	<hr/>	<hr/>
	1,818,127,611	100.00
	<hr/>	<hr/>

As of June 30, 2021, the share price of each common share has been S/1.34 (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 June 30, 2021, the legal reserve reached the top of 20 percent of the issued capital.

## Notes to the consolidated financial statements (continued)

(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).

(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 June 30, 2021 and December 31, 2020 attributable to controlling equity amounted to a gain of S/ 89,591,000 and S/ 125,255,000, respectively.

(f) Dividend distributions -  
The information on the dividends distributed as of June 30, 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 24th, 2021	23,636	30.03. 2021	0.013
April 23rd, 2021	23,636	12.05. 2021	0.013
June 21st, 2021	36,362	23.07. 2021	0.020
	<u>83,634</u>		

### 2020 dividends:

Directors Board session date	Dividends declared and paid S/(000)	Payment date	Dividends per common share
January 31st, 2020	23,636	04.03. 2020	0.013
	<u>23,636</u>		

The Board of Directors, in a session on April 4, 2020, as part of the preventive and extraordinary measures implemented due to the exceptional situation of the COVID-19 pandemic, agreed to suspend the quarterly distribution of dividends until conditions allow their resumption. Dividend payments resumed in the first quarter of 2021.

Likewise, during 2021, the subsidiaries of UNACEM Ecuador, Entrepisos and Inveco distributed dividends to their non-controlling shareholders for approximately S/ 218,000, S/ 1,385,000 and S/ 2,104,000, respectively. During 2020, the subsidiary of UNACEM Ecuador distributed dividends to its shareholdersnon-controllers for approximately S/ 319,000

As of June 30, 2021, the Group maintains a balance pending payment of dividends for approximately S/ 50,844,000 (S/ 11,668,000 as of December 31, 2020), see note 10 (a).

## Notes to the consolidated financial statements (continued)

### 14. Net sales

This item is made up as follows as of June 30:

	<b>2021</b>	<b>2020</b>
	S/(000)	S/(000)
<b>Segments</b>		
Cement Sales	1,304,958	751,336
Concrete	874,630	578,503
Electrical energy and power	91,879	83,637
Other Services	8,621	7,335
	<u>2,280,088</u>	<u>1,420,811</u>
<b>Moment of revenue recognition</b>		
Goods transferred at a point in time	2,135,376	1,305,068
service performance at a point in time	144,712	115,743
	<u>2,280,088</u>	<u>1,420,811</u>

### 15. Cost of sales

This item is made up as follows as of June 30:

	<b>2021</b>	<b>2020</b>
	S/(000)	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	335,411	217,805
Personnel expenses	292,774	224,395
Fuel	243,958	100,351
Depreciation, see note 7(f)	210,012	196,380
Maintenance cost	137,650	64,648
Transport of raw material	67,052	31,559
Electrical Energy	53,359	35,821
Container Consumption	49,420	28,464
Depreciation - Right in use, see note 6 (a)	5,913	4,176
Stripping costs (clearing)	5,023	1,839
Depreciation for stripping cost	3,346	1,186
Amortization, see note 8(a).	2,863	3,457
Other manufacturing expenses	239,380	201,250
Ending balance of finished goods and work in process, note 5(a)	(209,519)	(354,593)
	<u>1,630,063</u>	<u>1,111,543</u>
Estimate for impairment of inventories, note 5 (a)	(3,153)	7,297
	<u>1,626,910</u>	<u>1,118,840</u>

## Notes to the consolidated financial statements (continued)

### 16. Administrative expenses

This item is made up as follows as of June 30:

	2021 S/(000)	2020 S/(000)
Personnel expenses	77,094	58,709
Services rendered by third parties	30,463	19,595
Donations	10,231	5,265
Taxes	8,720	8,298
Wide range of Load management	7,181	5,396
Depreciation, note 7(f)	6,556	5,516
Amortization, see note 8(a).	1,413	1,426
Estimate for expected credit loss, note 4 (a)	647	537
Depreciation - Right in use, see note 6 (a)	370	387
Others	4,465	4,831
	<u>147,140</u>	<u>109,960</u>

### 17. Other income

As of June 30, 2021, the Company and subsidiaries received dividends from the related companies Ferrocarril Central Andino S.A. and Master Builders Solutions Peru S.A. for approximately S/ 18,879,000 and S/ 1,716,000 respectively, see note 19 (a).

Likewise, as indicated in note 1.1 as a result of the acquisition of UNACEM Chile and MEL20, the Group has recognized a negative badwill for approximately S/ 58,317,000.

### 18. Financial expenses

As of June 30, 2021 and 2020, this item is mainly comprised of interest on bonds issued and debts with banks for S/ 88,653,000 and S/ 103,209,000, respectively (see note 11 (c) and 11.1 (c)).

### 19. Related parties' transactions

(a) The main transactions with related entities as of June 30, 2021 and 2020 were as follows:

	2021 S/(000)	2020 S/(000)
<b>Income -</b>		
<b>Cement Sales -</b>		
La Viga S.A.	236,401	137,542
Asociación UNACEM	61	67
<b>Dividends earned, note 17 -</b>		
Ferrocarril central Andino S.A.	18,879	-
Master Builders Solutions Peru S.A.	1,716	-
<b>Costs and / or expenses -</b>		
<b>Purchase additives-</b>		
Master Builders Solutions Peru S.A.	23,537	12,533

## 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.	13,744	8,210
<b>Other expenses -</b>		
Master Builders Solutions Peru S.A.	2,356	1,271
<b>Other income -</b>		
Master Builders Solutions Peru S.A.	502	716
La Viga S.A.	103	88
Asociación UNACEM	127	129

- (b) As a result of these and other minor transactions, the Group kept the following balances with its related entities as of June 30, 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.	28,335	29,428
Master Builders Solutions Peru S.A.	271	242
Other minors	987	941
	<u>29,593</u>	<u>30,611</u>
<b>Account payables, note 10(a)</b>		
Master Builders Solutions Peru S.A.	16,395	18,873
La Viga S.A.	2,468	3,849
Other minors	15	31
	<u>18,878</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 June 30, 2021 and 2020 is amounting to approximately S/12,735,000 and S/ 8,634,000 respectively, which include short-term benefits and compensation for time served.

## Notes to the consolidated financial statements (continued)

### 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:

	As of June 30, 2021	As of June 30, 2020
	S/(000)	S/(000)
Numerator		
Net income attributable to common shares	<u>264,276</u>	<u>(66,790)</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>0.145</u>	<u>(0.037)</u>

### 21. Commitments and contingencies

#### 21.1 Financial and Purchase Commitments -

(a) As of June 30, 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 Perú, for a total of approximately US\$ 1,905,000, equivalent to S/ 7,363,000 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/ 2,233,000 maturing in December 2021 and S/ 14,992,000 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).
- Guarantee letters in favor of third parties for a total of S/ 1,064,000, maturing during the year 2021 for approximately S/ 269,000 and maturing during the year 2022 for approximately S/ 795,000.

(b) The subsidiaries maintain the following guarantee letters:

- Guarantee letter issued by financial institutions negotiated by UNICON in order to ensure the supply of concrete to certain customers, as of June 30, 2021 for approximately S/ 84,091,000 (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\$ 100,000, approximately equivalent to S/ 386,000 (US\$ 100,000, equivalent to S/ 362,000 as of December 31, 2020).



## Notes to the consolidated financial statements (continued)

- 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
- 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 June 30, 2021, the subsidiary Vigilancia Andina S.A. maintains guarantee letters issued by financial institutions, guaranteeing the payment of staff remunerations under labor intermediation to clients for S/ 2,697,000 (S/ 2,514,000 as of December 31, 2020).

(c) Guarantees for the payment of financial obligations:

- 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 June 30, 2021 and December 31, 2020.

## Notes to the consolidated financial statements (continued)

(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 June 30, 2021 and December 31, 2020, Drake Cement has not exercised this option.

### 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 June 30, 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 Platana S.A.	2016-2020
Generación Eléctrica Atocongo S.A.	2016-2020
Unión de Concreteras S.A.	2015-2020

## Notes to the consolidated financial statements (continued)

	<b>Periods open to review</b>
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
 <b>In Ecuador -</b>	
UNACEM Ecuador S.A.	2017-2020
Union de Concreteras UNICON UCUE Cia. Ltda.	2018-2020
 <b>In Chile -</b>	
Prefabricados Andinos S.A.	2016-2020
Unicon Chile S.A.	2018-2020
UNACEM Chile S.A.	2018-2020
Inversiones MEL20 Limitada	2018-2020
 <b>In Colombia -</b>	
Prefabricados Andinos Colombia S.A.S.	2015-2020
 <b>In United State of America</b>	
	2016-2019

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 June 30, 2021 and December 31, 2020.

## Notes to the consolidated financial statements (continued)

(c) Also, the tax loss carries forward of subsidiaries as of June 30, 2021 and December 31, 2020 are as follows:

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
Skanon Investments Inc. and Subsidiaries (i)	2,051,848	1,928,705
Compañía Eléctrica El Platanal S.A. and Subsidiaries (ii)	287,976	304,541
Prefabricados Andinos S.A. – PREANSA Chile(iii)	52,473	46,390
Unicon Chile S.A. and Subsidiary (iii)	51,220	11,816
Prefabricados Andinos Perú S.A.C. (ii)	15,649	13,044
Prefabricados Andinos Colombia S.A.S (iii)	10,405	8,406
Unión de Concreteras S.A. and Concremax S.A. (ii)	3,771	13,665
Depósito Aduanero Conchán S.A. (ii)	2,073	2,005
Transportes Lurín S.A. (ii)	480	469
Other minor Peruvian subsidiaries(ii)	475	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/ 1,108,728,000 and S/ 943,120,000, respectively).

(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 other, they proceeded to pay the assessments received under protest. These tax processes are related to:

#### UNACEM

- Income tax for the years 2000, 2001, 2004 and 2005
- Penalty Income tax for the year 2013
- Interest penalties for payments on account for the year 2014
- Contribution to the mining, metallurgical and iron and steel retirement compensation fund for the year 2013 and 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

## Notes to the consolidated financial statements (continued)

As of June 30, 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.

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 June 30, 2021 and December 31, 2020.

Thesesensitivity 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 June 30, 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:

Notes to the consolidated financial statements (continued)

Counterparty	Reference value	Maturity rate	Receive variable to:	Payments set to:	Fair value	
					As of June 30, 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%	17,763	21,488
Santander S.A.	45,000	November, 2023	Libor to 3 months + 1.85%	5.03%	12,224	14,575
Bank of Nova Scotia	30,000	September 2025	Libor to 3 months + 2.60%	5.66%	5,652	7,272
Banco Scotiabank (Chile)	1,883	March 2022	Libor to 1 months + 1.94%	5.40%	1,629	1,568
Banco Scotiabank (Chile)	3,355	October 2023	Libor to 1 months + 1.85%	5.55%	370	369
Banco de Crédito e Inversiones (BCI)	-	November, 2027	6.78	3.377%	60	364
Banco Scotiabank (Chile)	4,000	August 2021	Libor to 3 months + 1.1%	4.75%	52	191
					37,750	45,827

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 June 30, 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 June 30, 2021 and 2020 the Group recognized an expense on these derivative financial instruments amounting to approximately S/ 7,018,000 and S/ 2,998,000 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.

## Notes to the consolidated financial statements (continued)

(ii) Foreign currency risk -

The result of holding balances in foreign currency for the Group in the period ended on June 30, 2021 and 2020 was a loss amounting approximately S/ 37,028,000 and S/ 49,035,000, respectively, which are presented in the caption "Exchange difference, net" in the consolidated statement of income.

As of June 30, 2021 and December 31, 2020, the Group has "Cross Currency Interest Rate Swap" amounting to S/ 5,743,000 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 June 30, 2021 and 2020, variations in fair value are recognized as an expense or income. As of June 30, 2021 and 2020, the effect amounts to approximately S/ 2,772,000 and S/ 2,395,000, respectively, and is presented as part of the "Financial income" and "Financial heading of the consolidated statement of income.

Likewise, as of June 30, 2021 and 2020, a financial income and expense was recognized for these derivative financial instruments amounting to approximately S/ 340,000 and S/ 56,000, respectively, whose amounts have been effectively paid during the fiscal year and are presented as part of the caption "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 June 30, 2021, the weighted average exchange rates of the free market for transactions in U.S. Dollars were S/ 3.849 for buying and S/ 3.866 for selling (S/ 3.618 for buying and S/ 3.624 for selling as of December 31, 2020), respectively.

As of June 30, 2021 and December 31, 2020, the Group had the following assets and liabilities in foreign currency:

American Dollars

	2021		2020	
	US\$(000)	Equivalent S/(000)	US\$(000)	Equivalent S/(000)
<b>Asset</b>				
Cash and cash equivalents	30,053	115,678	26,651	96,423
Trade and other payables	74,643	287,300	84,749	306,621
	<u>104,696</u>	<u>402,978</u>	<u>111,400</u>	<u>403,044</u>
<b>Liabilities</b>				
Other financial liabilities	(249,182)	(963,338)	(261,841)	(948,912)
Trade and other payables	(39,093)	(151,135)	(39,871)	(144,493)
	<u>(288,275)</u>	<u>(1,114,473)</u>	<u>(301,712)</u>	<u>(1,093,405)</u>
Derivative financial instrument in foreign currency	(1,486)	(5,743)	(820)	(2,972)
<b>Net liability position</b>	<u>(185,065)</u>	<u>(717,238)</u>	<u>(191,132)</u>	<u>(693,333)</u>

## Notes to the consolidated financial statements (continued)

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 June 30, 2021 S/(000)	As of June 30, 2020 S/(000)
%		
+5	(35,862)	(48,893)
+10	(71,724)	(97,787)
-5	35,862	48,893
-10	71,724	97,787

### 22.2 Credit risk –

As of June 30, 2021, no significant impact has been identified on the credit behavior of the Company and its subsidiaries 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.

### 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.



## Notes to the consolidated financial statements (continued)

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

	As of June 30, 2021			
	From 1 to 12 months S/(000)	From 2 to 3 years S/(000)	From 4 to more years S/(000)	Total S/(000)
Trade and other payables (*)	732,082	22,846	14,332	769,260
Other financial liabilities				
Amortization of capital	801,522	1,626,890	2,115,613	4,544,025
Flow of interest payments	178,885	330,155	292,532	801,572
Lease liabilities				
Amortization of capital	12,051	11,010	6,032	29,093
Flow of interest payments	1,180	1,556	5,681	8,417
<b>Total liabilities</b>	<b>1,725,720</b>	<b>1,992,457</b>	<b>2,434,101</b>	<b>6,152,367</b>

  

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

(\*) As of June 30, 2021 and December 31, 2020, it does not include customer advances, taxes, contributions and labor contributions and general sales tax for approximately S/ 69,179,000 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 June 30, 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 June 30, 2021</b>	<b>As of December 31, 2020</b>
	S/(000)	S/(000)
Derivative financial instruments:		
Level 2	43,493	48,798
<b>Total , liabilities, note 22.1(i) and (ii)</b>	<u>43,493</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.

	<b>As of June 30, 2021</b>		<b>As of December 31, 2020</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
	S/(000)	S/(000)	S/(000)	S/(000)
Other financial liabilities (*)	4,166,221	3,795,550	4,025,037	3,866,411

(\*) As of June 30, 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)

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

	As of June 30, 2021							As of June 30, 2020						
	Cement S/(000)	Concrete S/(000)	Electrical Energy S/(000)	Others S/(000)	Total Segments S/(000)	Adjustments elimination S/(000)	Consolidated S/(000)	Cement S/(000)	Concrete S/(000)	Electrical Energy S/(000)	Others S/(000)	Total segments S/(000)	Adjustments elimination S/(000)	Consolidated S/(000)
<b>Income</b>														
Third-party customers	1,304,958	874,630	91,879	8,621	2,280,088	-	2,280,088	751,336	578,503	83,637	7,335	1,420,811	-	1,420,811
Inter segments	125,091	57,285	53,281	34,831	270,488	(270,488)	-	63,217	22,526	22,784	30,316	138,843	(138,843)	-
<b>Total revenues</b>	<b>1,430,049</b>	<b>931,915</b>	<b>145,160</b>	<b>43,452</b>	<b>2,550,576</b>	<b>(270,488)</b>	<b>2,280,088</b>	<b>814,553</b>	<b>601,029</b>	<b>106,421</b>	<b>37,651</b>	<b>1,559,654</b>	<b>(138,843)</b>	<b>1,420,811</b>
<b>Gross profit</b>	<b>441,069</b>	<b>140,469</b>	<b>65,053</b>	<b>13,056</b>	<b>659,647</b>	<b>(6,469)</b>	<b>653,178</b>	<b>195,779</b>	<b>56,308</b>	<b>38,276</b>	<b>7,622</b>	<b>297,985</b>	<b>3,986</b>	<b>301,971</b>
<b>Operating Income (expenses)</b>														
Administrative expenses	(112,674)	(32,427)	(7,348)	(8,573)	(161,022)	13,882	(147,140)	(78,361)	(25,415)	(6,890)	(7,225)	(117,891)	7,931	(109,960)
Selling expenses	(33,099)	(12,832)	(2,316)	-	(48,247)	-	(48,247)	(25,850)	(11,507)	(1,455)	-	(38,812)	194	(38,618)
Other operating income (expenses), net	86,624	10,393	45	(17,843)	79,219	274	79,493	(30,842)	(3,400)	946	(28)	(33,324)	(20,047)	(53,371)
<b>Operating profit</b>	<b>381,920</b>	<b>105,603</b>	<b>55,434</b>	<b>(13,360)</b>	<b>529,597</b>	<b>7,687</b>	<b>537,284</b>	<b>60,726</b>	<b>15,986</b>	<b>30,877</b>	<b>369</b>	<b>107,958</b>	<b>(7,936)</b>	<b>100,022</b>
<b>Other Income (expenses)</b>														
Participation in net income of associates and joint business	-	1,290	(11)	-	1,279	-	1,279	-	320	(23)	-	297	4	301
Financial Income	3,074	10,420	25	779	14,298	(2,345)	11,953	2,929	1,101	40	1,627	5,697	(1,026)	4,671
Financial expenses	(84,911)	(14,768)	(10,794)	(5,537)	(116,010)	2,345	(113,665)	(91,089)	(14,713)	(11,364)	(5,236)	(122,402)	1,026	(121,376)
Exchange difference, net	(31,128)	3,452	(12,504)	3,152	(37,028)	-	(37,028)	(35,930)	(167)	(14,906)	1,968	(49,035)	-	(49,035)
<b>Income before income tax</b>	<b>268,955</b>	<b>105,997</b>	<b>32,150</b>	<b>(14,966)</b>	<b>392,136</b>	<b>7,687</b>	<b>399,823</b>	<b>(63,364)</b>	<b>2,527</b>	<b>4,624</b>	<b>(1,272)</b>	<b>(57,485)</b>	<b>(7,932)</b>	<b>(65,417)</b>
Income tax	(72,414)	(12,171)	(11,615)	(1,892)	(98,092)	-	(98,092)	10,120	5,505	(3,228)	(522)	11,875	-	11,875
<b>Net Income for segment</b>	<b>196,541</b>	<b>93,826</b>	<b>20,535</b>	<b>(16,858)</b>	<b>294,044</b>	<b>7,687</b>	<b>301,731</b>	<b>(53,244)</b>	<b>8,032</b>	<b>1,396</b>	<b>(1,794)</b>	<b>(45,610)</b>	<b>(7,932)</b>	<b>(53,542)</b>
<b>Income before tax for segment</b>	<b>350,792</b>	<b>109,055</b>	<b>42,930</b>	<b>(10,208)</b>	<b>492,569</b>	<b>(92,746)</b>	<b>399,823</b>	<b>24,796</b>	<b>15,819</b>	<b>15,971</b>	<b>2,333</b>	<b>58,919</b>	<b>(124,336)</b>	<b>(65,417)</b>
	As of June 30, 2021							As of December 31, 2020						
	Cement	Concrete	Electrical Energy	Others	Total Segments	Adjustments elimination	Consolidated	Cement	Concrete	Electrical Energy	Others	Total segments	Adjustments elimination	Consolidated
<b>Operating assets</b>	8,258,779	1,377,942	1,198,020	297,256	11,131,997	247,202	11,379,199	7,823,831	1,338,857	1,227,212	235,341	10,625,241	191,646	10,816,887
<b>Operating liabilities</b>	285,436	571,263	114,301	63,696	1,034,696	5,183,080	6,217,776	246,745	490,649	107,721	18,596	863,711	5,100,886	5,964,597

## Notes to the consolidated financial statements (continued)

### Eliminations and Reconciliation -

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

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

A reconciliation of the effective rate of income tax as of June 30, 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>	492,569	58,919
Financial Income	11,953	4,671
Financial expenses	(113,665)	(121,376)
Participation in net income of associates and joint business	1,279	301
Inter segments	7,687	(7,932)
<b>Income before tax for segment</b>	<u>399,823</u>	<u>(65,417)</u>

The reconciliation of operating assets and liabilities as of June 30, 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>	11,131,997	10,625,241
Deferred income tax asset	228,515	177,328
Other assets	18,687	14,318
<b>Operating assets of the Group</b>	<u>11,379,199</u>	<u>10,816,887</u>
<b>Reconciliation of liabilities -</b>		
<b>Segment operating liabilities</b>	1,034,696	863,711
Other financial liabilities	4,544,025	4,455,755
Trade payables to Directors	3,242	1,247
Deferred income tax liability	592,320	595,086
Derivative financial instruments	43,493	48,798
<b>Operating liabilities of the Group</b>	<u>6,217,776</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 June 30, 2021 and 2020 is as follows:

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
<b>Income of customers</b>		
Peru	1,572,435	827,314
Ecuador	302,635	165,005
United State of America	254,566	313,407
Chile	139,720	112,000
Colombia	10,732	3,085
<b>Total income according to the consolidated statements of income</b>	<u>2,280,088</u>	<u>1,420,811</u>

Total non-current assets by location as of June 30, 2021 and December 31, 2020 is as follows:

	<b>2021</b> S/(000)	<b>2020</b> S/(000)
<b>Non-current assets:</b>		
Peru	6,705,126	6,673,382
United State of America	1,559,723	1,450,122
Ecuador	692,169	812,132
Chile	276,309	109,866
Colombia	31,076	32,093
<b>Non-current assets according to the financial statement</b>	<u>9,264,403</u>	<u>9,077,595</u>

### 25. Subsequent events

On July 9, 2021, the General Shareholders' Meetings of our subsidiaries UNACEM Ecuador and UNICON Ecuador, agreed by majority to approve the merger by absorption of UNACEM Ecuador, as the absorbing company, and UNICON Ecuador, as the absorbed company. The Public Deed of Merger by absorption was presented on August 12, 2021 to the Superintendencia of Companies of Ecuador, for its review and approval.