

**Unión Andina de Cementos S.A.A.**

**UN-AUDITED Separate Interim Financial Statements  
As of December 31, 2020 and 2019**

**UNIÓN ANDINA DE CEMENTOS S.A.A.**  
**Statement of Financial Position**  
As of December 31st, of 2020 and December 31st, 2019  
(In thousands of Nuevos Soles)

	Notes	As of December 31st, 2020	As of December 31, 2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	290,252	6,280
Other Financial Assets		0	0
<b>Trade Accounts Receivable and other accounts receivable</b>	<b>4</b>	<b>420,082</b>	<b>340,843</b>
Trade Accounts Receivable , net		83,320	68,716
Other Accounts Receivable , net		99,158	20,990
Accounts Receivable from Related Companies		228,007	236,470
Advanced payments		9,597	14,667
Inventories	5	387,969	584,389
Biological Assets		0	0
Assets by Income Taxes		0	0
Other Non-Financial Assets		1,791	4,628
<b>Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners</b>		<b>1,100,094</b>	<b>936,140</b>
Non-current assets or groups of assets for disposal Classified as Held for Sale		0	0
Non-current assets or groups of assets for its classified as held for distribution to owners		0	0
<b>Non-current assets or groups of assets for disposal Classified as Held for Sale or Held for distribution to owners</b>		<b>0</b>	<b>0</b>
<b>Total Current Assets</b>		<b>1,100,094</b>	<b>936,140</b>
<b>Non-Current Assets</b>			
Other Financial Assets		0	0
Investments in subsidiaries, joint ventures and associates	6	3,549,921	3,544,414
<b>Trade Accounts Receivables and other accounts receivables</b>		<b>88,062</b>	<b>135,522</b>
Trade Accounts Receivable		0	0
Other Accounts Receivable		46,086	32,588
Accounts Receivable from Related companies		41,976	102,934
Advanced payments		0	0
Biological Assets		0	0
Investment Property		0	0
Property, Plant and Equipment , net	7	3,876,272	3,979,191
Intangible Assets , net		30,262	31,415
Assets Deferred Income Tax		0	0
Surplus value		9,745	9,745
Other Assets		109,672	112,798
<b>Total Non-current Assets</b>		<b>7,663,934</b>	<b>7,813,085</b>
<b>TOTAL ASSETS</b>		<b>8,764,028</b>	<b>8,749,225</b>

	Notes	As of December 31st, 2020	As of December 31, 2019
<b>Liabilities and Stocholders' Equity</b>			
<b>Current Liabilities</b>			
Other Financial Liabilities	10	793,526	383,762
<b>Trade accounts payable and other payable accounts</b>		<b>272,909</b>	<b>292,809</b>
Trade Accounts Payable	9	153,758	167,485
Other Accounts Payable	9	57,020	59,552
Accounts payable to related companies	9	43,657	49,614
Diferred Income		18,474	16,158
Provision for Employee Benefits		0	0
Other provisions		25,108	27,306
Income Tax Liabilities		641	23,928
Other non-financial liabilities		0	0
<b>Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale</b>		<b>1,092,184</b>	<b>727,805</b>
Liabilities included in asset groups classified as held for sale		0	0
<b>Total Current Liabilities</b>		<b>1,092,184</b>	<b>727,805</b>
<b>Non-Current Liabilities</b>			
Other Financial Liabilities	10	2,377,416	2,683,803
<b>Trade accounts payable and other payable accounts</b>		<b>0</b>	<b>0</b>
Trade Accounts Payable		0	0
Other Accounts Payable		0	0
Accounts payable to related companies		0	0
Deferred Income		0	0
Provision for Employee Benefits		0	0
Other provisions		28,471	30,811
Liabilities Deferred Income Taxes	11	420,460	475,620
Other non-financial liabilities		43,335	31,264
<b>Total Non-Current Liabilities</b>		<b>2,869,682</b>	<b>3,221,498</b>
<b>Total Liabilities</b>		<b>3,961,866</b>	<b>3,949,303</b>
<b>Stockholders' Equity</b>			
Capital Issued	12a	1,818,128	1,818,128
Issuance Premiums		-38,019	-38,019
Investment shares		0	0
Treasury Shares in portfolio		0	0
Other Capital Reserves		363,626	363,626
Accrued Results		2,690,224	2,681,929
Other Equity Reserves		-31,797	-25,742
<b>Total Stockholders' Equity</b>	-	<b>4,802,162</b>	<b>4,799,922</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>8,764,028</b>	<b>8,749,225</b>

## UNIÓN ANDINA DE CEMENTOS S.A.A.

### Statement Income

For the periods ended December 31st, 2020 and 2019  
(In thousands of Nuevos Soles)

Notes	For the specific quarter from October 1, to December 31st, 2020	For the specific quarter from October 1, to December 31st, 2019	For the cummulative period from January 1st to December 31st, 2020	For the cummulative period from January 1st to December 31st, 2019	
Incomes from ordinary activities	13	606,154	513,668	1,698,958	1,985,111
Cost of Sales	14	-412,444	-332,519	-1,234,908	-1,311,718
<b>Profit (Loss) Gross</b>	-	<b>193,710</b>	<b>181,149</b>	<b>464,050</b>	<b>673,393</b>
Sales Expenses		-17,883	-25,191	-55,841	-78,369
Administrative expenses	15	-44,167	-51,879	-131,382	-157,157
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	16	12,923	54,497	60,020	206,433
Other Operating Expenses	16	-31,564	-4,860	-75,806	-20,093
Other profit (loss)		-	-	-	-
<b>Profit (Loss) from operating activities</b>		<b>113,019</b>	<b>153,716</b>	<b>261,041</b>	<b>624,207</b>
Financial Income		1,194	-42	4,596	20,536
Financial Expenses	17	-38,000	-57,154	-163,936	-197,294
Exchange differences, net		-3,790	17,047	-49,656	18,873
Other income (expense) from subsidiaries, joint ventures and associates		-	-	-	-
Share of Profit (Loss) in net results from Equity-Accounted Joint Ventures and related companies		-	-	-	-
Difference between the book value of the distributed assets and the book value of the divided payable		-	-	-	-
<b>Gains before Income tax</b>		<b>72,423</b>	<b>113,567</b>	<b>52,045</b>	<b>466,322</b>
Income tax expenses	11b	-28,890	-41,915	-21,758	-117,406
<b>Profit (Loss) Net of Continued Operations</b>		<b>43,533</b>	<b>71,652</b>	<b>30,287</b>	<b>348,916</b>
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
<b>Profit (loss) net of the year</b>		<b>43,533</b>	<b>71,652</b>	<b>30,287</b>	<b>348,916</b>

**UNIÓN ANDINA DE CEMENTOS S.A.A.**  
**Statement of Comprehensive Income**  
For the periods ended December 31st, 2020 and 2019  
(In thousands of Nuevos Soles)

	Notas	For the specific quarter from October 1, to December 31st, 2020	For the specific quarter from October 1, to December 31st, 2019	For the cumulative period from January 1st to December 31st, 2020	For the cumulative period from January 1st to December 31st, 2019
<b>Net Profit (Loss) of the year</b>		43,533	71,652	30,287	348,916
<b>Components of other comprehensive income:</b>					
Net Change for Cash Flow Hedges		0	0	0	0
Hedges of a Net Investment in a Foreign Operation		0	0	0	0
Profit (Loss) in equity instrument investments at fair value		0	0	0	0
Exchange difference on translation of Foreign Operations		0	0	0	0
Net variation of non-current assets or groups of assets held for sale		0	0	0	0
Revaluation Surplus		0	0	0	0
Actuarial Gain (Loss) on defined benefit pension plans		0	0	0	0
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		0	0	0	0
<b>Other Comprehensive Income Pre Tax</b>		-	-	-	-
<b>Income tax relating to components of other comprehensive income</b>					
Net Change for Cash Flow Hedges		2,466	1,955	-10,244	-7,331
Hedges of a Net Investment in a Foreign Operation		0	0	0	0
Profit (Loss) in equity instrument investments at fair value		0	0	0	0
Exchange difference on translation of Foreign Operations		0	0	0	0
Net variation of non-current assets or groups of assets held for sale		0	0	0	0
Gains (Losses) for Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes		5,026	0	4,189	-1,704
Actuarial Gain (Loss) on defined benefit pension plans		0	0	0	0
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		0	0	0	0
<b>Sum of Income Tax-Related Components of other comprehensive income</b>		7,492	1,955	-6,055	-9,035
<b>Other Comprehensive Income</b>		7,492	1,955	-6,055	-9,035
<b>Total Comprehensive Income for the period , net of income tax</b>		51,025	73,607	24,232	339,881

**UNIÓN ANDINA DE CEMENTOS S.A.A.**  
**Statement of Cash Flow**  
Direct Method  
For the periods ended December 31st, 2020 and 2019  
(In thousands of Nuevos Soles)

Notes	As of January 1st, 2020 to December 31st, 2020	As of January 1st, 2019 to December 31st, 2019
<b>Operating activities cash flows</b>		
<b>Types of cash collections from operating activities</b>		
Sale of Goods and Services	1,989,890	2,399,364
Royalties, fees, commissions and other income from ordinary activities	0	0
Contracts held for brokering or trading purposes	0	0
Lease and subsequent sales of such assets	0	0
Other Cash Receipts Related to Operating Activity	0	0
<b>Types of cash collections from operating activities</b>		
Suppliers of goods and services	-1,080,015	-1,445,454
Contracts held for brokering or trading purposes	0	0
cash payments to and on behalf of employees	-173,520	-215,280
Elaboration or acquisition of assets to be leased and other assets held for sale	0	0
Other Cash Payments Related to Operating Activity	-156,812	-186,801
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>	<b>579,543</b>	<b>551,829</b>
Interests received (not included in the Investment Activities)	0	0
Interests paid (not included in the Investment Activities)	-166,272	-195,417
Dividends Received (not included in the Investment Activities)	143,947	111,783
Dividends Paid (not included in the Investment Activities)	0	0
Income tax (paid) reimbursed	-84,085	-87,906
Other cash collections (payments)	-66,868	48,592
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>	<b>406,265</b>	<b>428,881</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	0	0
Loss of control of subsidiaries or other businesses	0	0
Loan repayments received from related parties	0	0
Sale of Equity-related Financial Instruments or debt of other entities	0	0
Derivatives contracts (Futures, Forwards or Options)	0	0
Sales of Interest in Joint Ventures, Net of the expropriated cash	0	0
Sale of Property, Plant and Equipment	0	0
Sale of intangible assets	0	0
Sale of other long- term assets	0	0
Government Subventions	0	0
Interests received	0	0
Dividends received	0	0
<b>Type of cash payments from investment activities</b>		
Advances and loans granted to third parties	0	0
Controlling interest of subsidiaries and other businesses	0	0
Loans from related	0	0
Purchase of Financial Instruments of equity or debt of other entities	-5,507	-23,223
Derivatives contracts (Futures, Forwards or Options)	0	0
Purchase of Subsidiaries, Net of cash acquired	0	0
Purchase of Joint Venture shares, Net of the cash acquired	0	0
Purchase of Property, Plant and Equipment	-125,210	-164,844

**UNIÓN ANDINA DE CEMENTOS S.A.A.**  
**Statement of Cash Flow**  
Direct Method  
For the periods ended December 31st, 2020 and 2019  
(In thousands of Nuevos Soles)

	Notes	As of January 1st, 2020 to December 31st, 2020	As of January 1st, 2019 to December 31st, 2019
Purchase of intangible assets		-2,613	-3,914
Purchase of other long- term assets		0	0
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to Investment activities			
<b>Cash flows and cash equivalents from (used in) investing activities</b>		<b>-133,330</b>	<b>-191,981</b>
<b>Cash flows from Financing activities</b>			
<b>Type of cash collections from financing activities</b>			
Loan securing		788,066	829,755
Loans from related entities		0	0
Changes to the subsidiaries ownership interest not resulting in the loss of control		0	0
Issuance of Shares		0	0
Issuance of Other Equity Instruments		0	0
Government Subventions		0	0
<b>Type of cash payments from financing activities</b>		<b>0</b>	<b>0</b>
Loan Amortization or payment		-751,712	-998,336
Financial leasing liabilities		0	0
Loans from related entities		0	0
Changes to the subsidiaries ownership interest not resulting in the loss of control		0	0
Redemption or repurchase of the entities' shares (Shares in the portfolio)		0	0
Acquisition of other equity interest		0	0
Interests paid		0	0
Dividends paid		-23,708	-120,819
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to financing activities		0	26,978
<b>Cash flows and cash equivalents from (used in) financing activities</b>		<b>12,646</b>	<b>-262,422</b>
<b>Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates</b>		<b>285,581</b>	<b>-25,522</b>
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-1,609	1,846
<b>Increase (Decrease) in Net Cash and Cash Equivalents</b>		<b>283,972</b>	<b>-23,676</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>6,280</b>	<b>29,956</b>
<b>Cash and cash equivalents at end of year</b>	<b>0</b>	<b>290,252</b>	<b>6,280</b>

**UNIÓN ANDINA DE CEMENTOS S.A.A.**  
**Statement of change in Stockholder's Equity**  
For the periods ended December 31st, 2020 and 2019  
(In thousands of Nuevos Soles)

	Other Equity Reserves											Subtotal	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 for held for sale			Revaluation Surplus	Actuarial Profit (Loss) on defined benefit plans	Reserve on Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income
Balances as of January 1, 2019	1,646,503	-	-	-	329,301	2,457,207	-12,977	-	-	-	-	-	-	-3,730	-16,707	4,416,304
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	1,646,503	-	-	-	329,301	2,457,207	-12,977	-	-	-	-	-	-	-3,730	-16,707	4,416,304
4. Changes in Stockholders' Equity:																
5. Comprehensive Income:																
6. Gain (Loss) for the year						348,916										348,916
7. Other Comprehensive Income:							-7,331							-1,704	-9,035	-9,035
8. Comprehensive Income - Total year						348,916	-7,331							-1,704	-9,035	339,881
9. Cash Dividends Declared						-92,312										-92,312
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	171,625	-38,019			34,325	-31,882										136,049
Total Equity Increase (decrease)	171,625	-38,019			34,325	224,722	-7,331							-1,704	-9,035	383,618
Balance as of December 31st, 2019	1,818,128	-38,019			363,626	2,681,929	-20,308							-5,434	-25,742	4,799,922
Balance as of January 1, 2020	1,818,128	-38,019			363,626	2,681,929	-20,308							-5,434	-25,742	4,799,922
1. Changes in Accounting Policies																
2. Correction of Errors																
3. Restated Initial Balance	1,818,128	-38,019			363,626	2,681,929	-20,308							-5,434	-25,742	4,799,922
4. Changes in Stockholders' Equity:																
5. Comprehensive Income:																
6. Gain (Loss) for the year						30,287										30,287
7. Other Comprehensive Income:							-10,244							4,189	-6,055	-6,055
8. Comprehensive Income - Total year						30,287	-10,244							4,189	-6,055	24,232
9. Cash Dividends Declared						-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						1,644										1,644
Total Equity Increase (decrease)						8,295	-10,244							4,189	-6,055	2,240
Balance as of December 31st, 2020	1,818,128	-38,019			363,626	2,690,224	-30,552							-1,245	-31,797	4,802,162

# Unión Andina de Cementos S.A.A.

## UN-AUDITED Separate Interim Financial Statements

For the years ended on December 31, 2020 and 2019

### 1. Identification and Economic Activity

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

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 at Lima and Junín, whose capacity is 6.7 million tons of clinker and 8.3 million tons of cement.

The separate financial statements as of the fourth quarter, 2020 have been issued with Management authorization and on January 27, 2021 will be presented for the approval of the Boards of Directors. In the opinion of the Company's management, the attached separate financial statements will be approved without modifications.

As a consequence of the State of National Emergency, by means of Emergency Decree No. 056-2020-PCM of May 15, 2020 and Resolution No. 050-2020-SMV / 02 of June 4, 2020, there were established exceptional standards that allow companies under the jurisdiction of the Superintendency of the Securities Market (SMV), to convene and hold general meetings of shareholders not in person, even when the statute of the company does not contemplate them. Within this exceptional legal framework, the Board of Directors in a session of June 19, 2020 called the Annual Mandatory Shareholders Meeting held on July 3, 2020, where the separate financial statements for fiscal year 2019 were approved.

#### 1.1 Mergers In 2019 -

(a) Merger SIA - IASA- PRONTO:

At the General Shareholders' Meeting held on December 28, 2018, was approved to merge the Company as an absorbing company and Sindicato de Inversiones y Administración S.A. (SIA), Inversiones Andino S.A (IASA) and Inmobiliaria Pronto S.A. (PRONTO) as absorbed companies. The Company's merger project was previously approved at the Independent Directors Committee Session of November 29, 2018 and at the Board meeting of November 30, 2018. The effective date of the merger was January 1, 2019.

(b) Cementos Portland merger (CEMPOR)

At the General Shareholders' Meeting held on May 28, 2019, the simple merger of the Company as an acquiring Company and its subsidiary Cementos Portland S.A.C. (CEMPOR) as an absorbed company was approved unanimously. The Company's merger project was previously approved at the Board Directors meeting of April 26, 2019. The effective date of the merger was June 1, 2019.

In accordance with IFRS, both corporate reorganizations did not generate any change in the effective control of Inversiones JRPR S.A. over the Company and its Subsidiaries and therefore are considered as transactions between



## Notes to the separate financial statements (continued)

entities under common control; consequently, all amounts were recorded at their book values following the accounting method of unification of interests.

### 1.2 Extraordinary event in 2020 - Health Emergency for COVID-19

The Covid-19 pandemic, identified for the first time at the end of 2019 in the Chinese city of Wuhan, since the beginning of 2020 has been increasingly and severely affecting health and life worldwide, causing the paralysis of economic and commercial activities in many countries including Peru and affecting the commercial operations of the Company.

In March 2020, the declaration of the State of Emergency forced the Company to immediately suspend the production of clinker and cement, as well as the dispatch at its Atocongo and Condorcocha production plants. The priority of the Company from the outset was focused on its sustainability and the protection of the health, integrity and well-being of its employees and their families, as well as the jobs and members of its shareholders.

In mid-April 2020, the Company restarted the dispatch of bulk cement to a very limited extent, exclusively to serve the mining sub-sector in the execution of its critical activities. Subsequently, Supreme Decree No. 080-2020-PCM, of May 3, 2020, approved the gradual and progressive resumption of economic activities within the framework of the declaration of the State of National Emergency, which allowed the Company to resume clinker grinding activities and bagged and bulk cement dispatch as of the third week of May 2020, and clinker production from July 2020, taking into account all the recommendations of the health authorities.

The stoppage of the Company's economic activities in Peru between March 17 and May 19, 2020, generated a deterioration in the financial results of the second quarter of 2020, which led the Board of Directors to adopt a series of extraordinary and preventive measures, applicable throughout the year 2020, to preserve the liquidity and working capital, which are allowing the Company to meet its commitments with workers, suppliers and clients throughout the entire value chain.

Despite the aggressive package of measures launched in successive stages by the Government and the BCR to inject liquidity into the population and employers and in that way prevent the payment and supply chain from being cut off, the suspension of many productive and commercial activities severely affected the economy, especially employment and the sustainability of hundreds of thousands of SMEs (Small and medium-sized enterprises), drastically reducing the capacity to consume essential goods of millions of entrepreneurs and underemployed and informal workers who represent 70% of the EAP (Economically Active Population) in the country. However, if the behavior of cement demand is analyzed since operations were restarted, it can be seen that the self-construction segment has shown a recovery greater than expected, despite the difficult employment situation mentioned above, pleasantly surprising us with the recovery of sales in the period under analysis.

The Board of Directors and Management of UNACEM have been permanently analyzing the scenarios that arise and adjusting the emergency measures taken according to the evolution of the serious situation generated by the Covid-19 pandemic and the provisions adopted by the Government.

## 2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the separate interim financial statements are consistent with those applied on December 31, 2019, except when otherwise indicated.

**Notes to the separate financial statements (continued)**

**2.1 Basis of preparation -**

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

The separate interim financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The separate financial statements are presented in Soles and all values are rounded to the nearest thousand (S/000), except when otherwise indicated.

The interim financial statements provide comparative information for earlier periods, however, does not include all information and disclosures required in the annual financial statements and should therefore be read in conjunction with the audited report as of and for the year ended on December 31, 2019.

**3. Cash and cash equivalents**

(a) This item is made up as follows:

	<b>As of December 31, 2020</b>	<b>As of December 31, 2019</b>
	S/(000)	S/(000)
Petty cash	878	828
Current accounts (b)	34,093	5,452
Term deposits (c)	255,281	-
	<hr/>	<hr/>
	290,252	6,280
	<hr/>	<hr/>

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

(c) Corresponds to time deposits in domestic banks denominated in local and foreign currency, earn interest at market rates and have original maturities shorter than 3 months.

## Notes to the separate financial statements (continued)

### 4. Trade and other receivable, net

(a) This item is made up as follows:

	Current		Non-current	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	S/(000)	S/(000)	S/(000)	S/(000)
Trade accounts receivable (b)	83,946	69,918	-	-
Accounts receivable from related parties, note 18(b)	228,007	236,470	41,976	102,934
Claims to third parties	5,089	3,271	-	2,922
Loans to employees	4,036	2,440	6,430	-
Advances to suppliers	9,597	14,667	4,584	5,416
Other accounts receivable(d)	89,433	10,429	-	-
	<u>420,108</u>	<u>337,195</u>	<u>52,990</u>	<u>111,272</u>
Claims to Tax authority, note 20.3	6,749	5,951	35,072	24,250
Advance payments of income tax	-	-	-	-
Tax Credit due to General sales tax	-	2,473	-	-
	<u>6,749</u>	<u>8,424</u>	<u>35,072</u>	<u>24,250</u>
Less - Expected credit loss (c)	(6,775)	(4,776)	-	-
	<u>420,082</u>	<u>340,843</u>	<u>88,062</u>	<u>135,522</u>

(b) Trade account receivables are mainly denominated in Soles, have current maturities, do not bear interest, have no significant specific guarantees and do not present significant overdue balances.

(c) As of December 31, 2020, the expected credit loss has not undergone significant changes in relation to December 31, 2019 and, in Management's opinion, the estimate of expected credit loss adequately covers the risk of uncollectible as of December 30, 2020 and 2019.

(d) On December 11, 2020, the Company subscribed, with the Spanish companies Cementos La Unión S.A. and Áridos Jativa Sociedad Limitada and with the Chilean company Inversiones Mel 20 Limitada, a contract for the acquisition of 100% of the shares of Cementos La Unión S.A. (CLU CHILE) and 100% of the social rights of Inversiones Mel 20 Limitada (MEL20), subject to compliance with certain conditions, among which is the approval of the acquisition by the Chilean National Economic Prosecutor (FNE).

On December 9, 2020, the Company provided a loan to Cementos La Union S.A. for the sum 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 granted by Banco Santander in favor of Cementos La Unión S.A. The loan has specific guarantees in favor of the Company and will be paid in a single installment whose maturity will occur no later than within a period of six months, applying an effective annual interest rate equivalent to 2.42%.

As of December 31, 2020 and 2019, the Company performed the evaluation of credit risk exposure in trade accounts receivable, see note 21.2.

## Notes to the separate financial statements (continued)

### 5. Inventories, net

(a) This item is made up as follows:

	<b>As of December 31,</b> <b>2020</b> S/(000)	<b>As of December 31,</b> <b>2019</b> S/(000)
Finished goods	16,731	18,787
Work in progress	112,620	271,796
Raw and auxiliary materials	122,972	109,170
Packages and packing	17,770	43,298
Spare parts and supplies	160,223	165,462
	<hr/>	<hr/>
	430,316	608,513
Allowance for impairment of inventories (b)	(42,347)	(24,124)
	<hr/>	<hr/>
	<u>387,969</u>	<u>584,389</u>

(b) In the Company's Management opinion, the allowance for obsolescence of inventories covers appropriately its obsolescence risk as of December 31, 2020 and 2019.

## Notes to the separate financial statements (continued)

### 6. Investments in subsidiaries and other

(a) This item is made up as follows:

	Economic activity	Country	Percentage of share Share participation		Value Books	
			As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
			%	%	S/(000)	S/(000)
<b>Investments in subsidiaries -</b>						
Inversiones Imbabura S.A.	Holding	Peru (subsidiary in Ecuador)	99.99	99.99	1,516,724	1,516,724
Skanon Investments Inc.	Cement and Concrete	Unites States	86.55	86.55	1,219,607	1,219,607
Compañía Eléctrica El Platanal S.A.	Electrical energy	Peru	90.00	90.00	567,829	567,829
Inversiones en Concreto y Afines S.A.	Holding	Peru	93.38	93.38	67,036	67,036
Transportes Lurín S.A.	Services	Peru	99.99	99.99	64,250	64,250
Staten Island Co. LLC	Holding	Unites States	100.00	100.00	52,637	47,130
ARPL tecnología Industrial S.A.	Services	Peru	100.00	100.00	32,071	32,071
Prefabricados Andinos S.A.	Precast	Chile	51.00	51.00	20,021	20,021
Prefabricados Andinos Perú S.A.C.	Precast	Peru (subsidiary in Colombia)	50.02	50.02	17,537	17,537
Minera Adelaida S.A.	Holding	Peru	99.99	99.99	3,210	3,210
Vigilancia Andina S.A.A.	Services	Peru	55.50	55.50	2,308	2,308
Inv. Nacionales y Multinacionales Andinas S.A.	Services	Peru	90.90	90.90	1,165	1,165
Depósito Aduanero Conchán S.A.	Services	Peru	99.99	99.99	3,383	3,383
Generación Eléctrica de Atocongo S.A.	Services	Peru	99.85	99.85	125	125
<b>Other:</b>						
Ferrocarril central Andino S.A.	Services	Peru	16.49	16.49	7,567	7,567
Ferrocarril central Andino S.A.	Services	Peru	15.00	15.00	2,762	2,762
Cia. Inversiones Santa Cruz S.A.	Services	Peru	8.85	8.85	180	180
Others					234	234
					<u>3,578,646</u>	<u>3,573,139</u>
Provision for impairment of investments					(28,725)	(28,725)
					<u>3,549,921</u>	<u>3,544,414</u>

## Notes to the separate financial statements (continued)

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

(a) This item is made up as follows:

	As of December 31, 2020 S/(000)	As of December 31, 2019 S/(000)
<b>Cost -</b>		
<b>Opening Balance</b>	5,667,302	5,396,565
Additions (b)	126,918	165,516
Merger, note 1.1	-	124,413
Withdrawals, sales and others (d)	(9,697)	(19,192)
<b>Ending Balance</b>	<u>5,784,523</u>	<u>5,667,302</u>
<b>Accumulated depreciation -</b>		
<b>Opening Balance</b>	1,688,111	1,462,246
Depreciation of the period (c)	220,342	227,533
Merger, note 1.1	-	4,689
Withdrawals, sales and others	(202)	(6,357)
<b>Ending Balance</b>	<u>1,908,251</u>	<u>1,688,111</u>
<b>Net book value -</b>	<u>3,876,272</u>	<u>3,979,191</u>

(b) The main additions during 2020 correspond to disbursements made for the projects to dedust the coolers of kiln 2, migration of the control system of kiln 2, modernization at Carpapata 1 and 2 Hydroelectric Power Plant, 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 3 and 1 of the multisilo, change of variators in the oil press substation 3 and clinker 1, water installations against fire, detection and alarm system against fire, the Manchay ecological conveyor belt project, major maintenance of kiln 1, change of gearboxes in clinker roller press 4, control boards of line 2 - migration to the second stage Cemat system and repair of clinker tower 1, corresponding to the Atocongo plant for approximately S/ 69,644,000.

The main additions during 2019 correspond to disbursements made for the projects for the cooler dedusting system of kiln 2, change of rollers and bearings of the cement press 5 and migration of the kiln control system corresponding to the Condorcocha plant; as well as the plan for Cristina concession, clinker court roofing, firefighting system, pavers and the thermal plant project corresponding to the Atocongo plant for approximately S/ 74,011,000.

## Notes to the separate financial statements (continued)

- (c) Depreciation has been distributed as follows:

	As of December 31, 2020 S/(000)	As of December 31, 2019 S/(000)
Cost of sales, note 14	209,530	217,930
Administrative expenses, note 15.	6,681	6,967
Other expenses	1,031	1,138
Inventories in process	3,100	1,498
	<u>220,342</u>	<u>227,533</u>

- (d) As of December 31, 2020, adjustments approximately S/ 57,537,000 related to the Atocongo thermal plant projects and the integral plan of the Cristina mining concession project are included. As a consequence of the Covid -19 pandemic, the Company's Management has decided to postpone these projects until the financial conditions of the Company allow them to be carried out.

### 8. Intangible assets, net

- (a) As of December 31, 2020 and 2019, the amortization amounts to approximately S/ 3,766,000 and S/ 4,014,000, respectively.

### 9. Trade and other payables

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

	As of December 31, 2020 S/(000)	As of December 31, 2019 S/(000)
Trade payable (b)	153,758	167,485
Related Accounts receivable, note 18(b)	43,657	49,614
Interest payable, note 10 (b) 10.1 (c)	18,260	23,877
Salaries, bonuses and vacation payable	17,001	19,218
Board compensation payable	526	2,583
Dividends payable	10,473	6,594
Liabilities for contingencies	2,651	-
Other accounts payable	8,109	7,280
	<u>254,435</u>	<u>276,651</u>

- (b) Trade account payables are mainly originated by mining services and procurement of supplies and additives for the production of the Company, as well they are denominated in domestic and foreign currency, have current maturities, do not yield interest and have no specific guarantees.

## Notes to the separate financial statements (continued)

### 10. Other financial liabilities

(a) This item is made up as follows:

	As of December 31, 2020			As of December 31, 2019		
	Portion Current	Portion Non- Current	Total	Portion Current	Portion Non- Current	Total
	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)	S/(000)
Bank overdrafts	-	-	-	58,095	-	58,095
Bank loans (b)	367,440	-	367,440	116,095	-	116,095
Interest on bonds and long-term debt, Note 10.1(a)	426,086	2,377,416	2,803,502	209,572	2,683,803	2,893,375
	<u>793,526</u>	<u>2,377,416</u>	<u>3,170,942</u>	<u>383,762</u>	<u>2,683,803</u>	<u>3,067,565</u>

(b) The bank promissory note corresponds mainly to financing for working capital, has no specific guarantees and is renewed depending on the working capital needs of the Company.

As of December 31, 2020 and 2019, the balance per bank consists of:

	2020 S/(000)	2019 S/(000)
<b>Creditor -</b>		
Citibank N.A. New York	-	116,095
BBVA Banco Continental S.A.	217,440	-
Banco de Crédito del Perú S.A..	100,000	-
Scotiabank Perú S.A.A.	50,000	-
	<u>367,440</u>	<u>116,095</u>

As of December 31, 2020 and 2019, the interest payable amounts to approximately S/2,926,000 and S/603,000, respectively, and are recorded in the caption "Trade and other payable" of the separate statement of financial position, see note 9(a). As of December 31, 2020 and 2019, the interest expenses amounted to approximately S/8,909,000 and S/13,972,000, respectively, and are included in the caption "Financial costs" of the separate statement of income, see note 17.



## Notes to the separate financial statements (continued)

### 10.1 Bank bonds and loans

(a) The table below presents the components of the long-term bonds and debt to banks, which do not have associated guarantees:

	<b>Maturity rate</b>	<b>Guarantee</b>	<b>As of December 31, 2020</b>	<b>As of December 31, 2019</b>
			S/(000)	S/(000)
<b>Bonds -</b>				
Second issuance of the second program	March 2023	No guarantees	60,000	120,000
			<u>60,000</u>	<u>120,000</u>
<b>Bank loans (b) -</b>				
Banco Internacional del Perú S.A.A.	September 2022, 2023, October 2024 and March 2025	No guarantees	498,385	654,160
Banco de Crédito del Perú S.A..	March 2022, March 2025 and September 2026	No guarantees	866,260	838,640
BBVA Banco Continental S.A.	November 2022 and November 2024	No guarantees	323,357	349,071
Scotiabank Perú S.A..	December 2022, October 2024, 2024 and October 2025	No guarantees	621,547	533,771
Citibank	October 2025	No guarantees	181,200	165,850
Bank of Nova Scotia	September 2025,	No guarantees	103,284	99,510
Santander S.A.	November, 2023	No guarantees	163,080	149,266
			<u>2,757,113</u>	<u>2,790,268</u>
Amortized cost			(13,611)	(16,893)
			<u>2,743,502</u>	<u>2,773,375</u>
<b>Total</b>			<u>2,803,502</u>	<u>2,893,375</u>
Less - Current portion			<u>426,086</u>	<u>209,572</u>
Non- Current Portion			<u>2,377,416</u>	<u>2,683,803</u>

## Notes to the separate financial statements (continued)

- (b) The applicable financial covenants to the local financial liabilities are of quarterly follow-up and it must be calculated on the bases of the separate financial information and the calculation methodologies by each financial entity.

As of December 31, 2020, the main financial safeguards that the Company maintains with each financial entity fluctuate between the following rates and indexes:

- Maintain an index debt minor or equal to 1.5 times.
- Maintain a debt service coverage ratio greater or equal to 1.2 times.
- Maintain an interest coverage ratio major o equal between 3.0 to 3.0 times.
- Maintain an index of hedge of debt of financial debt/EBITDA minor or equal to 4.10 times.

As mentioned in note 1.2, in March of this year the Government first declared a state of health emergency and, later, a state of national emergency and compulsory social isolation throughout the national territory. Pursuant to the foregoing, by legal mandate, the Company was forced to paralyze its economic activity by ceasing to produce and sell cement, due to this extraordinary, unpredictable and irresistible event.

Certainly, this event of major force generated a negative economic impact on the Company, such that, as a consequence, it is unable to comply with one of the aforementioned financial safeguards.

In this regard, the Peruvian Civil Code in its article 1315 ° expressly establishes the following:

*"Act of God or major force is the non-imputable cause, consisting of an extraordinary, unpredictable and irresistible event, which prevents the execution of the obligation or determines its partial, late or defective fulfillment."*

In the present case, the declaration of the State of National Emergency, which led the Company to suspend the production and sale of cement, and with it, that it affects its economy, prevents it from being able to comply with the obligation to maintain the index of debt coverage or financial debt / EBITDA within the limits established according to the respective financing contracts, a fact that was duly informed to all counterparties of the obligations that the Company maintains. Besides the level of the aforementioned financial ratios, the Company has been complying with the debt service payment in accordance with the provisions of each of its financing contracts.

Likewise, the Company's Management has obtained from the financial entities the waivers for the compliance of their financial covenants in 2020, and expects to define the new levels of compliance for the following years before the first quarter of 2021.

- (c) As of December 31, 2020 and 2019, interests' payable related to bonds and long and medium-term debt are amounted to approximately S/15,334,000 and S/23,274,000, respectively and are recorded in the caption "Trade and other payable", of the separate statement of financial position, note 9(a).

The interest generated by bonds and debt with banking entities in the medium and long term maintained for the years ended on December 31, 2020 and 2019, amounting approximately S/ 130,000,000 and S/ 146,088,000, respectively, and are included in the item "Financial costs" of the separate income statement, note 17.

## Notes to the separate financial statements (continued)

- (d) As of December 31, 2020, the Company maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 4.10 to 5.80 percent. Bank loans in dollars are at a variable rate plus a margin (3-month Libor rate plus a margin that fluctuates between 1.75 and 2.60 percent) and at a fixed rate of 3.40 percent.

As of December 31, 2019, the Company maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 3.85 to 5.90 percent. Bank loans in dollars are at a variable rate plus a margin (3-month Libor rate plus a margin that fluctuates between 1.75 to 2.60 percent).

### 11. Deferred income tax liability, net

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

	As of December 31, 2020 S/(000)	As of December 31, 2019 S/(000)
<b>Deferred liability -</b>		
<b>Opening Balance</b>	503,754	524,061
Separated income statement impact	(46,078)	(20,307)
<b>Ending Balance</b>	<u>457,676</u>	<u>503,754</u>
<b>Deferred asset -</b>		
<b>Opening Balance</b>	(28,134)	(28,133)
Separated income statement impact	(4,796)	3,779
Charges to comprehensive income	(4,286)	(3,780)
<b>Ending Balance</b>	<u>(37,216)</u>	<u>(28,134)</u>
<b>Total net liability for deferred income tax</b>	<u>420,460</u>	<u>475,620</u>

- (b) The current and deferred income tax expense are comprised as follows:

	As of December 31, 2020 S/(000)	As of December 31, 2019 S/(000)
Current	(71,300)	(129,758)
Deferred	52,627	16,528
Royalty Expenses	(3,085)	(4,176)
<b>Total</b>	<u>(21,758)</u>	<u>(117,406)</u>

## Notes to the separate financial statements (continued)

### 12. Net Equity

(a) Capital issued-

As of December 31, 2020 and 2019 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	Number of shares	Percentage of participation %
Nuevas Inversiones S.A.	459,129,497	25.25
Inversiones JRPR S.A.	456,669,897	25.12
AFPs	428,472,731	23.57
Others	473,855,486	26.06
	<hr/> 1,818,127,611 <hr/>	<hr/> 100.00 <hr/>

As of December 31, 2020, the share price of each common share has been S/1.55 (S/2.00 as of December 31, 2019).

(b) Additional share-

Corresponds to the variation between the capital increase made by the merger of the Company with SIA, IASA and PRONTO and the registered equity, see note 1.1 (a).

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 December 31, 2020 and 2019, the legal reserve reached the top of 20 percent of the issued capital.

(c) 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.

(d) Dividend distributions -

At the Board of Directors meeting held on January 31, 2020, the Company agreed to distribute dividends with charge to retained earnings for approximately S/. 23,636,000 (S/. 0.013 per common share), such payment was made on March 4, 2020,

## Notes to the separate financial statements (continued)

Due to the situation of a National State of Emergency declared in the country and the restrictions on the operation of the cement industry, the Board of Directors agreed in a remote session on April 14, 2020, to suspend the quarterly distribution of dividends to shareholders as stipulated in the current dividend policy, which empowers the Board of Directors to agree on the distribution of dividends in cash between S/ 0.01 and S/ 0.02, provided that the Company's liquidity situation allows it and subject to the Company having complied with its covenants "Financial (contractual financial obligations) and has sufficient liquid resources to cover its costs and operating and administrative expenses, the planned disbursements for its investments in fixed assets and other assets, as well as to pay the maturities of the period for capital and interest of the financial obligations.

At the Board of Directors meetings held on January 25, May 2, July 26 and October 23, 2019, the Company agreed to distribute dividends with charge to retained earnings for approximately S/. 92,312,000 (S/.0.051 per share), such payments were made on February 28, Jun 4, August 28 and November 27, 2019 respectively which have been paid in full.

### 13. Net sales

(a) This item is made up as follows as of December 31:

	<b>2020</b>	<b>2019</b>
	S/(000)	S/(000)
Cement	1,642,862	1,881,337
(-) Sales commission	(66,311)	(71,268)
	<hr/>	<hr/>
Cement Net sales	1,576,551	1,810,069
Exports of Clinker	83,395	88,434
Concrete blocks, bricks, pavers and others	39,012	86,608
	<hr/>	<hr/>
	<u>1,698,958</u>	<u>1,985,111</u>

## Notes to the separate financial statements (continued)

### 14. Cost of sales

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

	<b>2020</b>	<b>2019</b>
	S/(000)	S/(000)
Beginning balance of finished goods and work in process, note 5(a)	290,583	216,835
Cost of production:		
Fuel	187,811	304,777
Depreciation, note 7(c)	209,530	217,930
Personnel expenses	116,635	145,513
Electrical Energy	70,397	109,045
Consumption of raw material	74,522	125,370
Kiln, machinery and equipment maintenance	81,939	116,839
Packaging	68,732	76,342
Transport of raw material	51,253	89,153
Stripping costs (clearing)	4,267	8,185
Depreciation for stripping cost	3,127	5,302
Other manufacturing expenses	187,240	185,249
Ending balance of finished goods and work in process, note 5(a)	(129,351)	(290,583)
	<u>1,216,685</u>	<u>1,309,957</u>
Provision for inventory obsolescence- note 5(b)	18,223	1,761
	<u>1,234,908</u>	<u>1,311,718</u>

### 15. Administrative expenses

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

	<b>2020</b>	<b>2019</b>
	S/(000)	S/(000)
Personnel expenses	59,246	74,153
Services rendered by third parties	25,555	31,731
Donations	13,800	15,771
Taxes	8,925	10,779
Depreciation, note 7(c)	6,681	6,967
Others	17,175	17,756
	<u>131,382</u>	<u>157,157</u>

## Notes to the separate financial statements (continued)

### 16. Other income and other expenses

#### (a) Other Incomes -

As of December 31, 2020, dividends were declared from the subsidiary ARPL Tecnología Industrial S.A. for approximately S/ 8,944,000. As of December 31, 2019, dividends were declared from the subsidiaries Inversiones Imbabura S.A. for approximately US \$ 33,205,000 (equivalent to S/ 110,207,000) and Ferrocarril Central Andino S.A. for approximately S/ 633,000, see note 18 (a).

#### (b) Other Expenses-

As of December 31, 2020, it corresponds mainly to the adjustments of the Atocongo thermal plant and the integral plan of the Cristina mining concession, see note 7 (d).

### 17. Finance cost

Corresponds mainly to the interest generated by the debt with banks in the medium and long term. As of December 31, 2020 and 2019, they amount to approximately S/ 138,909,000 and S/ 160,060,000, respectively, see note 10 (b) and 10.1 (c).

### 18. Related parties' transactions

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

	<b>2020</b> S/(000)	<b>2019</b> S/(000)
<b>Cement sales -</b>		
La Viga S.A.	366,661	415,622
Unión de Concreteras S.A.	108,570	170,218
Concremax S.A.	27,371	49,754
Prefabricados Andinos Perú S.A.C.	249	301
Asociación UNACEM	104	293
<b>Blocks, bricks, pavers and HCR sales -</b>		
Unión de Concreteras S.A.	36,834	82,378
Concremax S.A.	1,198	4,306
<b>Clinker sells</b>		
Unicon Chile S.A.	12,814	-
Drake Cement LLC.	971	-
<b>Dividends income, note 16 -</b>		
ARPL tecnología Industrial S.A.	8,944	-
Inversiones Imbabura S.A.	-	110,207
Inversiones en Concreto y Afines S.A.	-	29,882
Inversiones Santa Cruz S.A.	-	34
Ferrocarril central Andino S.A.	-	18,492
Vigilancia Andina S.A.A.	-	633
<b>Income from royalties -</b>		
Compañía Eléctrica El Platana S.A.	4,739	5,084
<b>Licenses - Intellectual property and trademarks - Abroad</b>		
UNACEM Ecuador S.A.	17,138	18,810

## Notes to the separate financial statements (continued)

<b>Leases of plant, equipment and facility –</b>		
Unión de Concreteras S.A.	1,238	1,250
Cia. Eléctrica El Platanal S.A.	539	516
ARPL tecnología Industrial S.A.	285	232
Depósito Aduanero Conchán S.A.	289	323
Prefabricados Andinos Perú S.A.C.	187	187
La Viga S.A.	180	178
Others	110	102
<b>Administrative, technology and management support –</b>		
Unacem Ecuador S.A.	3,619	3,400
Compañía Eléctrica El Platanal S.A.	1,390	202
Prefabricados Andinos Perú S.A.C.	511	523
Depósito Aduanero Conchán S.A.	181	132
Drake Cement LLC.	336	350
Generación Eléctrica Atocongo S.A.	165	165
Vigilancia Andina S.A.A.	126	111
<b>Other income –</b>		
Compañía Eléctrica El Platanal S.A.	-	557
Unión de Concreteras S.A.	139	226
Unicon Chile S.A.	652	-
Others	149	267
<b>Purchases of electric energy –</b>		
Compañía Eléctrica El Platanal S.A.	64,975	96,817
<b>Commissions and freight costs of cement sales -</b>		
La Viga S.A.	22,734	25,625
Concremax S.A.	194	256
<b>Surveillance services</b>		
Vigilancia Andina S.A.A.	22,470	23,400
<b>Technical assistance and engineering services –</b>		
ARPL tecnología Industrial S.A.	15,314	18,741
<b>Maquila Service –</b>		
Unión de Concreteras S.A.	17,238	37,257
Concremax S.A.	815	2,575
<b>Warehouse management services–</b>		
Depósito Aduanero Conchán S.A.	923	2,344
<b>Purchases of additional material –</b>		
Unión de Concreteras S.A.	2,205	3,092
Concremax S.A.	334	1,524
<b>Engineering services and project management –</b>		
ARPL tecnología Industrial S.A.	10,555	7,365
<b>Expense reimbursements –</b>		
Unión de Concreteras S.A.	3,755	5,823
ARPL tecnología Industrial S.A.	991	306



## Notes to the separate financial statements (continued)

<b>Others –</b>		
Generación Eléctrica Atocongo S.A.	2,884	2,890
Depósito Aduanero Conchán S.A.	720	660
Prefabricados Andinos Perú S.A.C	496	159
Unión de Concreteras S.A.	308	907
Drake Cement LLC.	210	201
National and Multinational Investments	122	122
BASF Construction Chemicals Perú S.A.	59	184
Others	41	80

- (b) As a result of these and other minor transactions, as of December 31, 2020 and 2019, the Company maintained the following balances with its related parties:

	<b>2020</b>	<b>2019</b>
	S/(000)	S/(000)
<b>Trade receivable, note 4(a) –</b>		
La Viga S.A.	29,428	24,227
Prefabricados Andinos Perú S.A.C.	19,280	74
Unicon Chile S.A.	8,936	-
UNACEM Ecuador S.A.	4,245	4,349
Compañía Eléctrica El Platana S.A.	5,172	5,443
Drake Cement , LLC.	1,430	75
Unión de Concreteras S.A.	56,247	44,015
Concremax S.A.	9,254	13,689
Others	984	361
	<u>134,976</u>	<u>92,233</u>
<b>Dividends receivable (c)</b>		
Inversiones Imbabura S.A.	60,176	182,779
Compañía Eléctrica El Platana S.A.	36,476	34,938
Inversiones en Concreto y Afines S.A.	29,644	29,454
ARPL tecnología Industrial S.A.	8,711	-
	<u>135,007</u>	<u>247,171</u>
<b>Total accounts receivable from related parties</b>	<u>269,983</u>	<u>339,404</u>
<b>By term -</b>		
Current Portion	228,007	236,470
Non- Current Portion	41,976	102,934
	<u>269,983</u>	<u>339,404</u>

## Notes to the separate financial statements (continued)

<b>Account payables, note 9(a)–</b>		
Compañía Eléctrica El Platanal S.A.	18,115	18,975
Unión de Concreteras S.A.	9,124	15,180
ARPL tecnología Industrial S.A.	8,122	7,728
La Viga S.A.	3,849	2,569
Vigilancia Andina S.A.A.	1,984	2,425
Transporte Lurin S.A.	623	623
Concremax S.A.	595	810
Generación Eléctrica de Atocongo S.A.	533	524
Drake Cement	272	50
Prefabricados Andinos Perú S.A.C	158	9
Depósito Aduanero Conchán S.A.	142	602
Others	140	119
	<u>43,657</u>	<u>49,614</u>
<b>By Term -</b>		
Non-current portion, note 9(a)	<u>43,657</u>	<u>49,614</u>
	<u>43,657</u>	<u>49,614</u>

- (c) These dividends have been classified as financial assets measured at fair value with changes in other comprehensive income, in accordance with IFRS 9, and as a result of the impairment assessment as of December 31, 2020 and 2019 a provision has been estimated for loss of value of money over time of S/ 1,767,000 and S/ 7,708,000, respectively (S/ 1,246,000 and S/ 5,434,000 net of the effect of income tax, respectively).
- (d) The total remuneration paid to Group's directors and key members of management as of December 31, and 2019 is amounting to approximately S/18,674,000 and S/. 24,374,000 respectively, which include short-term benefits and compensation for time served.

## Notes to the separate financial statements (continued)

### 19. Earnings per share

Basic earnings (loss) per share is calculated by dividing net earnings (loss) for the year by the weighted average number of common shares outstanding during the year.

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

	As of December 31, 2020	As of December 31, 2019
	S/(000)	S/(000)
<b>Numerator</b>		
(Loss) Profit attributable to common shares	30,287	348,916
	<hr/>	<hr/>
<b>Denominator</b>		
Weighted average number of common shares	1,818,128	1,818,128
	<hr/>	<hr/>
(Loss) Basic and diluted earnings per share (stated in thousands of Soles)	0.017	0.192
	<hr/>	<hr/>

### 20. Commitments and contingencies

#### 20.1 Financial commitments -

As of December 31, 2020, the Company has the following main financial commitments:

- Guarantee letter to the Ministry of Energy and Mines (MEM), issued by Banco de Crédito del Perú, by a total approximate of US\$1,678,000 (equivalent to S/6,071,000) with a maturity on January 2021, in order to ensure compliance of the Mine Closure.
- Guarantee letter to the Ministry of Production, issued by Banco de Crédito del Perú, by a total approximate of US\$4,123,000 (equivalent to S/14,917,000) with a maturity on January 2021, in order to ensure compliance of the Mine Closure.

#### 20.2 Tax situation-

- (a) The Company is subject to the Peruvian tax system. The applicable income tax rate on taxable income is 29.5 percent.

Legal entities not domiciled in Peru and natural persons are subject to withholding an additional tax on dividends received or any other form of profits distribution. In this regard, in accordance with Legislative Decree No. 1261, the withholding of the additional tax on dividends received will be 5 percent for the profits generated as of 2017, the distribution of which will be made as of said date.

## Notes to the separate financial statements (continued)

- (b) For purposes of determining the Income Tax, the transfer prices for transactions with related entities and entities domiciled in territories with little or no taxation must be supported by documentation and information on the valuation methods used and the criteria considered for their determination.

Based on an analysis of the Company's operations, management and its legal advisors believe that the application of this rule would not result in material contingencies for the Company as of December 31, 2020 and 2019.

- (c) The Tax Authority has the power to review and adjust the income tax calculated by the Company in the four years following the year the tax returns presentation. The tax returns of the Income Tax for the years 2011 to 2013 and 2016 to 2019 and value added tax ("IGV" for its acronym in Spanish) for the periods December 2014 to December 2020 are open to review by Tax Authority.
- (d) 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 or not in liabilities for the Company, 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 separate financial statements as of December 31, 2020 and 2019.

### 20.3 Contingencies -

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

- (a) Tax processes:

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 has filed appeals with superior instances for not finding that said resolutions are in accordance with the law and in others it proceeded to pay the assessments received under protest. As of December 31, 2020 and 2019, the Company maintains receivables related to certain tax processes, see note 4 (a), because, in the opinion of the Company's Management and its legal advisors, there are arguments to obtain a favorable result to the interests of the Company.

Below is a brief update of the main tax processes of the Company, which were described in greater detail in the note to the separate annual financial statements as of December 31, 2019:

- *Income tax for the years 2000 and 2001 -*  
To date, the appeal filed by the Company is pending resolution.
  
- *Income tax for the years 2004 and 2005 -*  
To date, the appeal for cassation against Resolution No. 17 presented by the Company is pending resolution by the Supreme Court.

## Notes to the separate financial statements (continued)

- *Income tax for the 2010 financial year -*  
To date, the appeal filed by the Company is pending resolution.
- *Income tax for the 2013 financial year -*  
To date, the judgment in the first instance of the contentious-administrative lawsuit filed by the Company against the Tax Court Resolution No. 1300-3-2019 of May 22, 2019 is pending.
- *Interest penalties for payments on account for the year 2014 -*  
To date, the judgment in the first instance of the contentious-administrative lawsuit filed by the Company against the resolution of the tax court No. 03961-3-2020 is pending.
- *Contribution to the mining, metallurgical and iron and steel retirement compensation fund for the year 2103-*  
To date, the judgment in the first instance of the contentious-administrative lawsuit filed by the Company against the resolution of the tax court No. 03250-1-2020 is pending.

### 20.4 Mining royalties -

This information has not changed as described in the note to the separate annual financial statements as of December 31, 2019.

### 20.5 Environmental commitments -

The activities of the Company are subject to environmental protection standards. This tax rules are the same as those described in the notes to the annual separate financial statements as of December 31, 2019.

## 21. Financial risk management, objectives and policies

The Company has cash and trade and others receivables that arise directly from its operations. The Company also holds derivative financial instruments. The Company's principal financial liabilities comprise – aside derivative instruments – bank loans, trade and others payables, and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's Senior Management oversees the management of these risks. The Company's Senior Management is supported by the Financial Management that advises on financial risks and the appropriate financial risk governance framework for the Company. The Financial Management provides assurance to the Company's Senior Management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company policies and company risk appetite. All activities comprising risk management related derivative instruments are handled by a team of experts with suitable capabilities, experience and oversight.

The Board of Directors reviews and agrees the policies for managing each of these risks, as mentioned in the separate financial statements as of December 31, 2019. Due to the current situation explained in detail in note 1.2, we have updated the relevant financial risks, which are shown below:

## Notes to the separate financial statements (continued)

### 21.1 Market risk –

The sensitivity analyses shown in the following sections relate to the position as of December 31, 2020 and 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debts, the ratio of fixed to floating interest rate of the debt and the proportion of financial derivatives instruments in foreign currencies are all constant as, December 31, 2020 and 2019.

#### (i) Interest rate risk –

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

As of December 31, 2020 and 2019, the Company has three contracts interest rate swap designated as cash flow hedges and are recorded at their fair value. The details of these operations are as follows:

Counterparty	Reference value	Maturity rate	Receive variable to:	Payments set to:	Fair value	
					As of December 31, 2020	As of December 31, 2019
					S/(000)	S/(000)
<b>Liabilities -</b>						
	US\$(000)					
Citibank N.A.	50,000	October 2025	Libor to 3 months + 1.75%	5.70%	21,488	15,369
Bank of Nova Scotia	28,500	September 2025,	Libor to 3 months + 2.60%	5.66%	7,272	4,544
Santander S.A.	45,000	November, 2023	Libor to 3 months + 1.85%	5.03%	14,575	8,892
					<u>43,335</u>	<u>28,805</u>

The effective portion of changes in the fair value of financial instruments that qualify as hedges is recognized as assets or liabilities and with impact on equity. As of December 31, 2020 and 2019, the Company has recognized under "Unrealized net profit (loss) of the separate statement of comprehensive income amounts to approximately S/ 10,244,000 and S/ 7,331,000, respectively, which are presented net of the effect in the income tax, respectively.

As of December 31, 2020, the Company recognized an expense on these derivative financial instruments amounting to approximately S/11,316,000 (S/4,316,000 as of December 31, 2019), whose amounts were actually paid during the year and are presented as "Finance costs" in the separate statement of income.

##### (b) Derivative Financial instruments from trading –

Counterparty	Reference value	Maturity rate	Receive variable to:	Payments set to:	Fair value	
					As of December 31, 2020	As of December 31, 2019
					S/(000)	S/(000)
<b>Liabilities -</b>						
	US\$(000)					
Citibank N.A. New York	-	October 2020	Libor to 3 months + 1.08%	5.20%	-	2,459
					<u>-</u>	<u>2,459</u>

## Notes to the separate financial statements (continued)

As of December 31, 2020, the effective portion of changes in the fair value of financial instruments that qualify as hedges is recognized as assets or liabilities. As of December 31, 2020, the effect amounts to approximately S/. 2,459,000 (S/. 2,470,00 as of December 31, 2019) and is presented as part of the item "Financial income" in the separate statement of income.

As of December 31, 2020, the Company recognized an expense on these derivative financial instruments amounting to approximately S/2,709,000 (S/2,834,000 as of December 31, 2019), whose amounts were actually paid during the year and are presented as "Finance costs" in the separate statement of income.

Sensitivity to interest rate -

The following table shows the sensitivity to a reasonably possible change in interest rates on the portion of the loans, after the impact of hedge accounting. With all other variables remaining constant, the income before income tax would be affected by the impact on variable rate loans, as follows:

Increase / decrease in basis points	Impact on Income before Income tax	
	As of December 31, 2020	As of December 31, 2019
%	S/(000)	S/(000)
-10	(103)	(1,051)
10	103	1,051

The movement course in the basics related to the analysis of sensitivity to interest rate is based on the current market environment.

(ii) Foreign currency risk -

The result of holding balances in foreign currency for the Company as of December 31, 2020 and 2019 was a net loss in exchange difference amounting approximately S/49,656,000 (a loss of approximately S/129,676,000 and a loss of approximately S/80,020,000) and a net gain of approximately S/18,873,000 (a gain of approximately S/64,604,000 and a loss of approximately S/45,731,000), respectively, which are presented in the caption "Exchange difference, net" in the separate statement of income.

As of December 31, 2020 and 2019, the Company had the following assets and liabilities in U.S. Dollars:

## Notes to the separate financial statements (continued)

	2020		2019	
	US\$(000)	Equivalent S/(000)	US\$(000)	Equivalent S/(000)
<b>Asset</b>				
Cash and cash equivalents	5,592	20,232	-	-
Trade and other receivable, net	56,142	203,122	65,786	217,817
	<u>61,734</u>	<u>223,354</u>	<u>65,786</u>	<u>217,817</u>
<b>Liabilities</b>				
Trade and other payables	(14,354)	(52,019)	(16,058)	(53,264)
Other financial liabilities	(203,500)	(737,484)	(175,556)	(582,319)
	<u>(217,854)</u>	<u>(789,503)</u>	<u>(191,614)</u>	<u>(635,583)</u>
Derivative financial instruments of exchange rate	(11,958)	(43,336)	(9,425)	(31,263)
<b>Net liability position</b>	<u>(168,078)</u>	<u>(609,485)</u>	<u>(135,253)</u>	<u>(449,029)</u>

As of December 31, 2020 and 2019, the Company has no operations with exchange rate derivatives, any devaluation / revaluation of the foreign currency affects the separate income statement.

### Foreign currency sensitivity -

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company'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 income before Income tax	
	As of December 31, 2020	As of December 31, 2019
%	S/(000)	S/(000)
+5	(30,475)	(20,888)
+10	(60,951)	(41,777)
-5	30,475	20,888
-10	60,951	41,777

### 21.2 Credit risk -

As of December 31, 2020, no significant impact on the Company's credit behavior has been identified as a consequence of the economic crisis generated by the Covid-19 pandemic. The Company's Management will continue to evaluate its exposure to credit risk, considering the impacts of said pandemic on the Peruvian economy and the actions that the Government may take.

### 21.3 Liquidity risk -



## Notes to the separate financial statements (continued)

As of December 31, 2020, in Management's opinion, the Company has sufficient financial strength to meet its short-term obligations in case the Government extends the state of national emergency, considering that we have S/ 290,252,000 of Cash and cash equivalents that are freely available and available overdraft lines of credit.

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

<b>As of December 31, 2020</b>				
	<b>From 3 to 12 months</b>	<b>From 1 to 3 years</b>	<b>From 4 to 8 years</b>	<b>Total</b>
	S/(000)	S/(000)	S/(000)	S/(000)
Trade and other payables	255,076	-	-	255,076
Other financial liabilities				
Amortization of capital	793,526	1,886,985	490,431	3,170,942
Flow of interest payments	140,178	228,382	18,455	387,015
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>1,188,780</b>	<b>2,115,367</b>	<b>508,886</b>	<b>3,813,033</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<b>As of December 31, 2019</b>				
	<b>From 3 to 12 months</b>	<b>From 1 to 3 years</b>	<b>From 4 to 8 years</b>	<b>Total</b>
	S/(000)	S/(000)	S/(000)	S/(000)
Trade and other payables	300,579	-	-	300,579
Other financial liabilities				
Amortization of capital	383,762	1,654,284	1,029,519	3,067,565
Flow of interest payments	154,751	323,023	60,713	538,487
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>839,092</b>	<b>1,977,307</b>	<b>1,090,232</b>	<b>3,906,631</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 21.4 Capital management-

No changes were made in the objectives, policies or processes for managing capital during the years ended on December 31, 2020 and 2019.

## 22. Fairvalues

## Notes to the separate financial statements (continued)

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

The following chart shows an analysis of the financial instruments that are recorded at fair value according to the level of the hierarchy of their fair value. The amounts are based on balances presented in the separate statement of financial position:

	<b>Level 2</b>	<b>Total</b>
	S/(000)	S/(000)
<b>As of December 31, 2020</b>		
(i) Financial assets -		
Dividends receivable	135,007	135,007
	<hr/>	<hr/>
Total current assets	135,007	135,007
	<hr/>	<hr/>
Financial liabilities		
Derivative financial instruments	43,335	43,335
	<hr/>	<hr/>
Other financial liabilities	43,335	43,335
	<hr/>	<hr/>
	<b>Level 2</b>	<b>Total</b>
	S/(000)	S/(000)
<b>As of December 31, 2019</b>		
(i) Financial assets -		
Dividends receivable	247,171	247,171
	<hr/>	<hr/>
Total current assets	247,171	247,171
	<hr/>	<hr/>
Financial liabilities		
Derivative financial instruments	31,264	31,264
	<hr/>	<hr/>
Other financial liabilities	31,264	31,264
	<hr/>	<hr/>

(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, as they are net of provision for loan losses and most have maturities of less than three months; Management deems their fair value is not materially different from its carrying value.
- Trade and others payables, due to its current maturity, Management deems that its accounting balances are close to its fair value.

Level 2 -

## Notes to the separate financial statements (continued)

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

	As of December 31, 2020		As of December 31, 2019	
	Value Books S/(000)	Fair value S/(000)	Value Books S/(000)	Fair value S/(000)
Bank notes	367,440	362,295	116,095	113,087
Other financial liabilities (*)	2,803,502	2,644,876	2,893,375	2,526,126

(\*) As of December 31, 2020 and 2019, the balance does not include bank notes, see note 10.

### 23. Subsequent events

No significant events of a financial-accounting nature have been identified after December 31, 2020 that may affect the interpretation of these separate financial statements.