

Unión Andina de Cementos S.A.A.

**UN-AUDITED Separate Interim Financial Statements
As of December 31, 2021, and 2020**

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Financial Position
As of September 30th, of 2021 and December 31st, 2020
(In thousands of Soles)

	Notes	As of September 30th, 2021	As of December 31, 2020
Assets			
Current Assets			
Cash and cash equivalents	3	54,588	290,252
Other Financial Assets		0	0
Trade Accounts Receivable and other accounts receivable	0	287,498	375,956
Trade Accounts Receivable , net		71,700	83,320
Other Accounts Receivable , net		19,686	99,158
Accounts Receivable from Related Companies		175,545	183,881
Advanced payments		20,567	9,597
Inventories	5	435,516	387,969
Biological Assets		0	0
Assets by Income Taxes		0	0
Other Non-Financial Assets		3,833	1,791
Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners		781,435	1,055,968
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
Non-current assets or groups of assets for disposal Classified as Held for Sale or Held for distribution to owners		0	0
Total Current Assets		781,435	1,055,968
Non-Current Assets			
Other Financial Assets		0	0
Investments in subsidiaries, joint ventures and associates	6	3,792,826	3,549,921
Trade Accounts Receivables and other accounts receivables	4	105,079	130,015
Trade Accounts Receivable		0	0

	Notes	As of September 30th, 2021	As of December 31, 2020
Liabilities and Stocholders' Equity			
Current Liabilities			
Other Financial Liabilities	10	383,635	793,526
Trade accounts payable and other payable accounts		355,464	272,908
Trade Accounts Payable	9	148,057	153,758
Other Accounts Payable	9	131,551	57,019
Accounts payable to related companies	9	75,856	43,657
Diferred Income		0	18,474
Provision for Employee Benefits		0	0
Other provisions	9	41,358	0
Income Tax Liabilities	9	71,663	641
Other non-financial liabilities		0	25,108
Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale		852,120	1,092,183
Liabilities included in asset groups classified as held for sale		0	0
Total Current Liabilities		852,120	1,092,183
Non-Current Liabilities			
Other Financial Liabilities	10	2,280,272	2,377,416
Trade accounts payable and other payable accounts		0	0
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

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement Income
For the periods ended September 30th, 2021 and 2020
(In thousands of Soles)

	Notes	For the specific quarter from July 1, to September 30th, 2021	For the specific quarter from July 1, to September 30th, 2020	For the cumulative period from January 1st to September 30th, 2021	For the cumulative period from January 1st to September 30th, 2020
Incomes from ordinary activities	13	675,656	606,154	2,429,187	1,698,958
Cost of Sales	14	-418,087	-412,444	-1,565,175	-1,234,908
Profit (Loss) Gross	-	257,569	193,710	864,012	464,050
Sales Expenses		-18,164	-17,883	-65,616	-55,841
Administrative expenses	15	-56,245	-44,167	-176,156	-131,382
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	16	41,094	12,923	164,194	60,020
Other Operating Expenses	16	-17,423	-31,562	-43,703	-75,806
Other profit (loss)		-	-	-	-
Profit (Loss) from operating activities		206,831	113,021	742,731	261,041
Financial Income		592	1,194	3,055	4,596
Financial Expenses	17	-39,915	-38,000	-159,271	-163,936
Exchange differences, net	21.1(ii)	15,146	-3,790	-48,270	-49,656
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		-	-	-	-
Gains before Income tax		182,654	72,425	538,245	52,045
Income tax expenses	11(b)	-55,344	-28,890	-142,714	-21,758
Profit (Loss) Net of Continued Operations		127,310	43,535	395,531	30,287
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
Profit (loss) net of the year		127,310	43,535	395,531	30,287

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Comprehensive Income
For the periods ended September 30th, 2021 and 2020
(In thousands of Soles)

Notas	For the specific quarter from July 1, to September 30th, 2021	For the specific quarter from July 1, to September 30th, 2020	For the cumulative period from January 1st to September 30th, 2021	For the cumulative period from January 1st to September 30th, 2020
Net Profit (Loss) of the year	127,310	43,535	395,531	30,287
Components of other comprehensive income:				
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
Other Comprehensive Income Pre Tax	-	-	-	-
Income tax relating to components of other comprehensive income				
Net Change for Cash Flow Hedges	-6,232	2,466	12,624	-10,244
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	-414	5,026	2,778	2,657
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
Sum of Income Tax-Related Components of other comprehensive income	-6,646	7,492	15,402	-7,587
Other Comprehensive Income	-6,646	7,492	15,402	-7,587
Total Comprehensive Income for the period , net of income tax	120,664	51,027	410,933	22,700

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Cash Flow
Direct Method
For the periods ended September 30th, 2021 and 2020
(In thousands of Soles)

Notes	As of January 1st, 2021 to September 30th, 2021	As of January 1st, 2020 to September 30th, 2020
Operating activities cash flows		
Types of cash collections from operating activities		
Sale of Goods and Services	2,897,445	1,989,890
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
Types of cash collections from operating activities		
Suppliers of goods and services	-1,603,106	-1,080,015
Contracts held for brokering or trading purposes	0	0
cash payments to and on behalf of employees	-240,483	-173,520
Elaboration or acquisition of assets to be leased and other assets held for sale	0	0
Other Cash Payments Related to Operating Activity	-194,939	-156,812
Cash flows and cash equivalents from (used in) Operating Activities	858,917	579,543
Interests received (not included in the Investment Activities)	0	0
Interests paid (not included in the Investment Activities)	-156,137	-166,272
Dividends Received (not included in the Investment Activities)	168,731	143,947
Dividends Paid (not included in the Investment Activities)	0	0
Income tax (paid) reimbursed	-82,644	-84,085
Other cash collections (payments)	71,851	-66,868
Cash flows and cash equivalents from (used in) Operating Activities	860,718	406,265
Cash flows from Investment activities		
Type of cash collections from investment activities		
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
Type of cash payments from investment activities		
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	-252,580	-5,507
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	-137,625	-125,210

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of Cash Flow
Direct Method
For the periods ended September 30th, 2021 and 2020
(In thousands of Soles)

	Notes	As of January 1st, 2021 to September 30th, 2021	As of January 1st, 2020 to September 30th, 2020
Purchase of intangible assets		-3,041	-2,613
Purchase of other long- term assets		0	0
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to Investment activities		0	
Cash flows and cash equivalents from (used in) investing activities		-393,246	-133,330
Cash flows from Financing activities			
Type of cash collections from financing activities			
Loan securing		1,699,605	788,066
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
Type of cash payments from financing activities		0	0
Loan Amortization or payment		-2,269,683	-751,712
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)		-11,610	0
Acquisition of other equity interest		0	0
Interests paid		0	0
Dividends paid		-115,886	-23,708
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to financing activities		0	0
Cash flows and cash equivalents from (used in) financing activities		-697,574	12,646
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		-230,102	285,581
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-5,562	-1,609
Increase (Decrease) in Net Cash and Cash Equivalents		-235,664	283,972
Cash and cash equivalents at beginning of year		290,252	6,280
Cash and cash equivalents at end of year		54,588	290,252

UNIÓN ANDINA DE CEMENTOS S.A.A.
Statement of change in Stockholder's Equity
For the periods ended September 30th, 2021 and 2020
(In thousands of 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, 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							2,657	-7,587	-7,587
8. Comprehensive Income - Total year						30,287	-10,244							2,657	-7,587	22,700
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							2,657	-7,587	708
Balance as of September 30th, 2020	1,818,128	-38,019	-	-	363,626	2,690,224	-30,552	-	-	-	-	-	-	-2,777	-33,329	4,800,630
Balance as of January 1, 2021	1,818,128	-38,019	-	-	363,626	2,690,224	-30,552	-	-	-	-	-	-	-2,777	-33,329	4,800,630
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	1,818,128	-38,019	-	-	363,626	2,690,224	-30,552	-	-	-	-	-	-	-2,777	-33,329	4,800,630
4. Changes in Stockholders' Equity:																
5. Comprehensive Income:																
6. Gain (Loss) for the year						395,531										395,531
7. Other Comprehensive Income:							12,624							2,778	15,402	15,402
8. Comprehensive Income - Total year						395,531	12,624							2,778	15,402	410,933
9. Cash Dividends Declared							-192,445									-192,445
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																-11,610
16. Increase (Decrease) for Transfer and other Equity Changes						3,500										3,500
Total Equity Increase (decrease)				-11,610		206,586	12,624							2,778	15,402	210,378
Balance as of September 30th, 2021	1,818,128	-38,019	-	-11,610	363,626	2,896,810	-17,928	-	-	-	-	-	-	1	-17,927	5,011,008

Unión Andina de Cementos S.A.A.

UN-AUDITED Separate Interim Financial Statements

As of December 31, 2021 and 2020

1. Identification and Economic Activity

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

As of December 31, 2021, and 2020, the Company is a subsidiary of Inversiones JRPR S.A. (hereinafter "Principal" and ultimate parent of the economic group), who owns 42.22 percent, respectively, of direct and indirect participation of 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, 2021 have been issued with Management authorization and January 26, 2022, will be presented for the approval of the Boards of Directors. The Separate financial statements of 2020 were approved on March 16, 2021, by the Annual Shareholders Meeting within the terms established by law.

Through the General Meeting of Shareholders of UNACEM S.A.A. dated December 14, 2021, the simple reorganization was approved between the Company, Unacem Perú S.A. (hereinafter, "UNACEM PERU"), Minera Adelaida S.A. (hereinafter, "Adelaida") and Inversiones Nacionales y Multinacionales Andino S.A. (hereinafter, "INMA"), through which the Company segregates and transfers three (3) equity blocks, made up of assets and liabilities in favor of UNACEM PERU, Adelaida and INMA in accordance with the provisions of the article 391° of the General Companies Law.

COVID 19-

The years 2020 and 2021 have been years of great challenges for the world and our country because of the COVID-19 pandemic. In this context, the Company implemented a plan of measures that has allowed it to cope with this crisis, having as a fundamental pillar ensuring the safety and health of its employees, the sustainability of the Company and all its shareholders. Likewise, the Peruvian government continues to take the necessary actions to mitigate the effects of the "third wave" of COVID-19 as well as to safeguard the payment chain of companies.

The Board of Directors and the Management of UNACEM have been executing the business plan in accordance with what is established and adjusting the necessary measures in the face of the evolution of the health crisis.

Notes to the separate financial statements (continued)

2. Summary of significant accounting policies

The accounting policies adopted in the preparation of the separate interim financial statements are consistent with the policies considered in the preparation of the separate annual financial statements of the Company as of December 31, 2020, unless otherwise indicated.

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, 2020.

3. Cash and cash equivalents

(a) This item is made up as follows:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Petty cash	895	878
Current accounts (b)	28,093	34,093
Term deposits (c)	25,600	255,281
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
	54,588	290,252
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>

(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 term 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, 2021 S/ (000)	As of December 31, 2020 S/ (000)	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Trades:				
Trade accounts receivable (b)	72,292	83,946	-	-
Related:				
Accounts receivable from related parties, note 18(b)	175,545	183,881	22,808	83,929
Various:				
Claims to Tax authority	7,673	6,749	71,891	35,072
Claims to third parties	4,206	5,089	-	-
Advances to suppliers	20,567	9,597	2,292	4,584
Public Works Tax Deduction	581	1,680	-	-
Fiscal Credit	7,950	-	-	-
Loans to employees	2,627	4,036	8,088	6,430
Loans to a third party (c)	-	83,678	-	-
Other accounts receivable	3,441	4,075	-	-
	<u>47,045</u>	<u>114,904</u>	<u>82,271</u>	<u>46,086</u>
	294,882	382,731	105,079	130,015
Less - Expected credit loss	<u>(7,384)</u>	<u>(6,775)</u>	-	-
	<u>287,498</u>	<u>375,956</u>	<u>105,079</u>	<u>130,015</u>

(b) Trade accounts receivable are mainly denominated in soles, have current maturity, do not bear interest and do not have significant specific guarantees.

(c) As of December 31, 2020, corresponds to the loan receivable from Cementos La Unión S.A. (now, Unacem Chile S.A.) for the sum of US\$23,128,000 (equivalent to approximately S/83,678,000), which was granted on December 9, 2020, and was contributed to the company on December 29, 2021. See, note 6 (c).

As of December 31, 2021, and December 31, 2020, 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:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Finished goods	17,001	16,731
Work in progress	147,105	112,620
Raw and auxiliary materials	98,449	114,341
Packages and packing	24,558	17,770
Spare parts and supplies	194,113	160,223
Stock to receive	-	8,631
	<hr/>	<hr/>
	481,226	430,316
Allowance for impairment of inventories (b)	(45,710)	(42,347)
	<hr/>	<hr/>
	435,516	387,969
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(b) In the Company's Management opinion allowance for obsolescence of inventories covers appropriately its obsolescence risk as of December 31, 2021, and 2020.

Notes to the separate financial statements (continued)

6. Investments in subsidiaries and other

(a) This item is made up as follows:

	Economic activity	Country of location	Percentage of shareholding		Value in books	
			As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
			%	%	S/ (000)	S/ (000)
Investments in subsidiaries -						
Inversiones Imbabura S.A.	Holding	Peru	99.99	99.99	1,516,724	1,516,724
Skanon Investments Inc.(b)	Manufacture and sale of cement	Unites States	95.80	86.55	1,440,274	1,219,607
Compañía Eléctrica El Platanal S.A.	energy and power	Peru	90.00	90.00	567,829	567,829
Unicon Chile S.A.(c)	Production and sale of cement	Chile	99.81	-	122,378	-
Inversiones en Concreto y Afines S.A.	Holding	Peru	93.38	93.38	67,036	67,036
Transportes Lurín S.A.	Investments in securities	Peru	99.99	99.99	30,130	64,250
Staten Island Co. LLC (b)	Holding	Unites States	-	100.00	-	52,637
ARPL tecnología Industrial S.A.	Advisory services and technological assistance	Peru	100.00	100.00	32,071	32,071
Prefabricados Andinos S.A.	Production and sale of Precast	Chile	50.00	51.00	19,628	20,021
Prefabricados Andinos Perú S.A.C.	Production and sale of Precast	Peru	50.00	50.02	17,527	17,537
Depósito Aduanero Conchán S.A.	Warehouse services	Peru	99.99	99.99	3,913	3,383
Minera Adelaida S.A.	Holding	Peru	99.99	99.99	3,627	3,210
Vigilancia Andina S.A.A.	Surveillance services	Peru	55.50	55.50	2,308	2,308
Inversiones Nacionales y Multinacionales Andinas S.A.	Real estate business	Peru	90.90	90.90	1,165	1,165
Generación Eléctrica de Atocongo S.A.	Thermal plant operation services	Peru	99.85	99.85	125	125
Other:						
Ferrocarril Central Andino S.A.	Transport services	Peru	16.49	16.49	3,273	7,567
Ferrocarril Central Andino S.A.	Transport services	Peru	15.00	15.00	2,762	2,762
Compañía Inversiones Santa Cruz S.A.	Real estate business	Peru	8.85	8.85	180	180
Others			99.99	99.99	278	234
					3,831,228	3,578,646
Estimate for devaluation of investments					(38,402)	(28,725)
					3,792,826	3,549,921

Notes to the separate financial statements (continued)

- (b) On May 17, 2021, the Company contributed its shares in Staten Island Co. LLC to Skanon Investments Inc. for the amount of S/ 52,637,000 (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/66,867,000, Transportes Lurín S.A. for S/34,120,000 and ARPL Tecnología Industrial S.A. for S/23,230,000 (equivalent to US\$24,000,000, US\$11,944,000 and US\$6,869,000 respectively). Likewise, capital contributions were made for S/43,813,000 (equivalent to US\$10,738,000).
- (c) On December 29, 2021, the Company made a capital contribution to Unacem Chile S.A. corresponding to US\$30,800,000 (equivalent to approximately S/ . 122,378,000). With this contribution, Unacem Chile entered into a purchase-sale contract for all the assets that make up the "San Antonio" cement grinding plant, located in the San Antonio district, Valparaíso Region, and the exploitation rights, concessions or mining properties on the pozzolan deposit called "Popeta 1 to 30" with an area of approximately 300 hectares.

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

(a) This item is made up as follows:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Cost -		
Opening Balance	5,784,523	5,667,302
Additions (b) and (c)	141,973	126,918
Reclassification of spare parts	(6,899)	49,969
Withdrawals and sells (d)	(976)	(58,121)
Others	(4,905)	(1,545)
Ending balance	<u>5,913,716</u>	<u>5,784,523</u>
Accumulated depreciation -		
Opening Balance	1,908,251	1,688,111
Period depreciation (e)	228,085	220,342
Withdrawals, sales, and others	(293)	(202)
Ending balance	<u>2,136,043</u>	<u>1,908,251</u>
Net book value:	<u>3,777,673</u>	<u>3,876,272</u>

- (b) As of September 30, 2021, the main additions for approximately S/ 66,777,000 correspond to disbursements made for the projects of the cooler dedusting projects, control system migration, installation of valve rack, major maintenance and modernization of the system Cenith and Pillard, made in kiln 2; In addition, the modernization of the Carpapata 1 and 2 sub-stations, installation of a valve rack, new bagging machine and palletizers, roofing of the clinker field, change of reducer in cement mill 6 and calcined clay in Kiln 1, corresponding to the Condorcocha plant. Likewise, disbursements made for the projects to change the shell of the cement mill, structural reinforcement and internal modification of chamber No. 4 of the multisilo, change of 2 elevators in packaging, new bagging machine and palletizers, structural reinforcement and modification of chamber No.1 of the multisilo, fire-fighting system in the electrical sub-stations and main belts, improvement in the electronic drive system of rotary kiln 1, corresponding to the Atocongo plant.

Notes to the separate financial statements (continued)

- (c) The main additions during 2020 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 approximately S/ 69,644,000.
- (d) 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 because of the pandemic COVID -19.
- (e) The depreciation was distributed as follows:

	As of December 31, 2021	As of December 31, 2020
	S/ (000)	S/ (000)
Cost of sales, note 14	215,146	209,530
Administrative expenses, note 15	7,208	6,681
Selling expenses	625	476
Other expenses	3,905	555
Inventories in process	1,201	3,100
	<u>228,085</u>	<u>220,342</u>

8. Intangible assets, net

- (a) As of December 31, 2021, and 2020 Company recognized an expense that amounts to S/6,507,000 and S/. 3,766,000, respectively.

Notes to the separate financial statements (continued)

9. Trade and miscellaneous accounts payable

(a) This item is made up as follows:

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Trade accounts payable (b)	148,057	153,758
Accounts payable to related parties, note 18(b)	75,856	43,657
Interest payable, note 10 (b) and 10.2 (c)	18,205	18,260
Remuneration and vacation to be pay	12,810	17,001
Income tax payable, note 20.2 (e)	71,663	641
General sales tax	-	1,485
Dividends payable	81,429	4,877
Contributions and labor contributions payable	3,084	3,560
Provision for contingencies	2,495	2,651
Interest on financial instruments payable	2,474	2,198
Other accounts payable	11,054	6,987
	<u>427,127</u>	<u>255,075</u>

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

10. Other financial liabilities

(a) This item is made up as follows:

	As of December 31, 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)
Bank loans (b)	170,000	-	170,000	367,440	-	367,440
Interest on bonds and long-term debt, Note 10.1(a)	213,635	2,280,272	2,493,907	426,086	2,377,416	2,803,502
	<u>383,635</u>	<u>2,280,272</u>	<u>2,663,907</u>	<u>793,526</u>	<u>2,377,416</u>	<u>3,170,942</u>

(c) 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.

Notes to the separate financial statements (continued)

As of December 31, 2021, and 2020, the balance per bank consists of:

	2021	2020
	S/ (000)	S/ (000)
Creditor -		
Banco de Crédito del Perú S.A..	170,000	100,000
BBVA Banco Continental S.A.	-	217,440
Scotiabank Perú S.A.A.	-	50,000
	<u>170,000</u>	<u>367,440</u>

As of December 31, 2021, and 2020, the interest payable amounts to approximately S/147,000 and S/2,926,000, 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, 2021, and 2020, the interest expenses amounted to approximately S/1,266,000 and S/8,909,000, respectively, and are included in the caption "Financial expenses" of the separate statement of income.

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:

	As of December 31,	As of December 31,
	2021	2020
	S/ (000)	S/ (000)
Corporate bonds (b)	18,815	60,000
Bank loans -	<u>2,475,092</u>	<u>2,743,502</u>
Total	2,493,907	2,803,502
Less - Current portion	<u>213,635</u>	<u>426,086</u>
Non- Current Portion	<u>2,280,272</u>	<u>2,377,416</u>

- (b) As of December 31, 2021, and 2020, the balance of the corporate bonds is detailed below:

	Annual Interest		2021	2020
	rate	Maturity rate	S/ (000)	S/ (000)
	%			
Bonds -				
Second issuance of the second				
program	5.16	March 2023	<u>18,815</u>	<u>60,000</u>
Total			<u>18,815</u>	<u>60,000</u>

Notes to the separate financial statements (continued)

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

Notes to the separate financial statements (continued)

10.2 Bank loans

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

	Maturity rate	Guarantee	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Bank loans (b) -				
Banco Internacional del Perú S.A. A	January 2027	No guarantees	228,385	498,385
Banco de Crédito del Perú S.A.	March 2022 and October 2026	No guarantees	582,460	866,260
BBVA Banco Continental S.A.	January 2027	No guarantees	533,357	323,357
Scotiabank Perú S.A.A.	October 2024, March 2025, and January 2027	No guarantees	671,547	621,547
Citibank	October 2025	No guarantees	199,900	181,200
Bank of Nova Scotia	September 2025,	No guarantees	89,955	103,284
Santander S.A.	November, 2023	No guarantees	179,910	163,080
			<hr/>	<hr/>
			2,485,514	2,757,113
Amortized cost			(10,422)	(13,611)
			<hr/>	<hr/>
Total			2,475,092	2,743,502
			<hr/>	<hr/>

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, 2021, and 2020, the main financial covenants that the Company maintains with each financial entity fluctuate between the following rates and indexes:

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

Additionally, the following financial safeguard has been established, which is calculated based on the consolidated quarterly financial information of the Company:

- To maintain an index debt minor or equal to 1.5 times.
- To maintain a debt coverage ratio or financial debt / EBITDA less than or equal to 4.75 times for 2021, 4.00 times for 2022 and 3.75 times from 2023 onwards.
- To maintain a debt service coverage ratio greater than 1.10 times for the year 2021 and 1.20 times from 2022 onwards

In Management's opinion, the Company has complied with the financial covenants as of December 31, 2021.

- (c) As of December 31, 2021, and 2020, interests payable related to bonds and long and medium-term debt are amounted to approximately S/18,058,000 and S/15,334,000, 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, 2021, and 2020, amounting approximately S/ 115,215,000 and S/ 130,000,000, respectively, and are included in the item "Financial costs" of the separate income statement.

- (d) As of December 31, 2021, the Company maintains bank loans in soles with effective annual interest rates in soles that fluctuate between 4.10 to 4.92 percent. The 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.

Notes to the separate financial statements (continued)

11. Deferred income tax liability, net

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

	As of December 31, 2021	As of December 31, 2020
	S/ (000)	S/ (000)
Deferred liability -		
Opening Balance	457,696	503,754
Separated income statement impact	(21,781)	(46,058)
	<hr/>	<hr/>
Ending balance	435,915	457,696
	<hr/>	<hr/>
Deferred asset -		
Opening Balance	(37,876)	(28,134)
Separated income statement impact	(2,633)	(3,173)
Charges to comprehensive income	6,443	(6,569)
	<hr/>	<hr/>
Ending balance	(34,066)	(37,876)
	<hr/>	<hr/>
Total, for net deferred income tax liability	<hr/> 401,849 <hr/>	<hr/> 419,820 <hr/>

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

	As of December 31, 2021	As of December 31, 2020
	S/ (000)	S/ (000)
Current	(163,012)	(71,300)
Deferred	24,414	52,627
Royalty Expenses	(4,116)	(3,085)
	<hr/>	<hr/>
Total	<hr/> (142,714) <hr/>	<hr/> 21,758 <hr/>

12. Net Equity

(a) Capital issued-

As of December 31, 2021, and 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.

Notes to the separate financial statements (continued)

The shareholding composition of the Company is as follows:

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

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

(b) **Additional share-**

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

(c) **Treasury shares-**

In a Board meeting held on August 20, 2021, a purchase program of its own shares was approved for up to S/ 34.6 million, without exceeding 2% of its own issued shares and within the term that expires on December 31, 2021. In a Board meeting held on December 22, 2021, it was agreed to extend the term of the purchase program until June 30, 2022. The shares that are acquired will be kept in the portfolio for a maximum period of two years and as long as they remain in the portfolio, all their rights will be suspended. The program may be extended and/or modified by the Company's Board of Directors.

As of December 31, 2021, the Company holds 7,289,000 shares in treasury equivalent to S/ 11,596,000.

(d) **Legal reserve-**

Under the terms of the General Corporation Law, it is required that at least 10 percent of the distributable profit for each year, less income tax, 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, 2021, the legal reserve reached the top of 20 percent of the issued capital.

(e) **Unrealized results-**

Corresponds to changes in the fair value of hedging financial instruments and the reserve on financial assets measured at fair value, both net of their tax effect.

Notes to the separate financial statements (continued)

(f) Dividend distributions –

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

2021 dividends:

Directors Board session date	Dividends declared and paid S/ (000)	Payment date	Dividends per common share S/.
As of February 24, 2021	23,636	30.03. 2021	0.013
As of April 23, 2021	23,636	12.05. 2021	0.013
As of June 21, 2021	36,362	23.07. 2021	0.020
As of October 27, 2021	36,362	30.11. 2021	0.020
As of December 14, 2021(*)	72,448	18.01. 2022	0.040
	192,444		

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

2020 dividends:

Directors Board session date	Dividends declared and paid S/ (000)	Payment date	Dividends per common share S/.
January 1, 2019	23,636	04.03. 2020	0.013
	23,636		

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.

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

Notes to the separate financial statements (continued)

13. Net sales

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

	2021 S/ (000)	2020 S/ (000)
Cement Sales -	2,217,332	1,576,551
Exports of Clinker (b)	112,520	83,395
Sale of blocks, pavers and concrete pavement (c)	99,335	39,012
	<u>2,429,187</u>	<u>1,698,958</u>
Moment of revenue recognition		
Goods transferred at a point in time	<u>2,429,187</u>	<u>1,698,958</u>
	<u>2,429,187</u>	<u>1,698,958</u>

(b) The sale of clinker corresponds to the export of the raw material to customers located in South and Central America.

(c) Corresponds mainly to sales made to UNICON and CONCREMAX, related companies, see note 18 (a).

14. Cost of sales

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

	2021 S/ (000)	2020 S/ (000)
Beginning balance of finished goods and work in process, note 5(a)	129,351	290,583
Cost of production:		
Fuel	372,516	187,811
Depreciation, note 7(e)	215,146	209,530
Personnel expenses	162,671	116,635
Consumption of raw material	155,313	74,522
Kiln, machinery and equipment maintenance	131,509	81,939
Electrical Energy	136,312	70,397
Transport of raw material	78,237	51,253
Packaging	90,670	68,732
Stripping costs (clearing)	11,028	4,267
Depreciation of deferred asset for stripping	7,144	3,127
Other manufacturing expenses	236,021	187,240
Ending balance of finished goods and work in process, note 5(a)	<u>(164,106)</u>	<u>(129,351)</u>
	1,561,812	1,216,685
Provision for inventory obsolescence- note 5(b)	<u>3,363</u>	<u>18,223</u>
	<u>1,565,175</u>	<u>1,234,908</u>

Notes to the separate financial statements (continued)

15. Administrative expenses

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

	2021	2020
	S/ (000)	S/ (000)
Personnel expenses	85,302	59,246
Services rendered by third parties	36,428	25,555
Donations	21,581	13,800
Taxes	12,021	8,925
Depreciation, note 7(e)	7,208	6,681
Others	13,616	17,175
	<u>176,156</u>	<u>131,382</u>

16. Other income and other expenses

As of December 31, 2021, dividends were received from the subsidiaries Ferrocarril Central Andino S.A. for approximately US\$5,525,000 (equivalent to S/ 20,878,000), Inversiones Imbabura S.A. for approximately US\$ 4,790,000 (equivalent to S/ 17,272,000), Inversiones en Concreto y Afines S.A. for approximately S/ 56,287,000 and ARPL Tecnología Industrial S.A. for approximately S/ 6,727,000, see note 18 (a). As of December 31, 2020, dividends were received from the subsidiary ARPL Tecnología Industrial S.A. for approximately S/ 8,944,000.

17. Financial expenses

Corresponds mainly to the interest generated by the debt with banks in the medium and long term. As of December 31, 2021, and 2020, they amount to approximately S/ 116,481,000 and S/ 138,909,000, respectively, see note 10 (b) and 10.2 (c).

18. Related parties' transactions

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

	2021	2020
	S/ (000)	S/ (000)
Income:		
Cement sales -		
La Viga S.A.	474,850	366,661
Unión de Concreteras S.A.	147,871	108,570
Concremax S.A.	40,605	27,371
Prefabricados Andinos Perú S.A.C.	578	249
Asociación UNACEM	140	104

Notes to the separate financial statements (continued)

	2021 S/ (000)	2020 S/ (000)
Dividend's income, note 16 -		
Inversiones en Concreto y Afines S.A.	56,287	-
Ferrocarril central Andino S.A.	20,878	-
Inversiones Imbabura S.A.	17,272	-
ARPL tecnología Industrial S.A.	6,727	8,944
Income from sale of blocks, pavers, pavements and concrete -		
Unión de Concreteras S.A.	94,427	36,834
Concremax S.A.	2,997	1,198
Licenses - Intellectual property and trademarks – Abroad		
UNACEM Ecuador S.A.	22,606	15,234
Administrative, technology and management support –		
UNACEM Ecuador S.A.	10,319	5,522
Compañía Eléctrica El Platanal S.A.	1,809	1,390
Drake Cement LLC.	1,160	336
Prefabricados Andinos Perú S.A.C.	492	511
Unicon Chile S.A.	187	-
Generación Eléctrica Atocongo S.A.	165	165
Vigilancia Andina S.A.A.	140	126
Depósito Aduanero Conchán S.A.	97	181
Others	63	45
Income from royalties –		
Compañía Eléctrica El Platanal S.A.	6,467	4,739
Leases of plant, equipment and facility –		
Unión de Concreteras S.A.	2,046	1,238
Cia. Eléctrica El Platanal S.A.	601	539
ARPL tecnología Industrial S.A.	305	285
Depósito Aduanero Conchán S.A.	307	289
La Viga S.A.	192	180
Prefabricados Andinos Perú S.A.C.	187	187
Others	124	110
Income from Cement sales –		
Unacem Chile S.A.	21,488	-
Unicon Chile S.A.	16,043	12,814
Drake Cement LLC.	1,904	971

Notes to the separate financial statements (continued)

	2021 S/ (000)	2020 S/ (000)
Other income -		
Unión de Concreteras S.A.	82	102
Unicon Chile S.A.	10	-
La Viga S.A.	9	10
Vigilancia Andina S.A.A.	12	31
Unicon Chile S.A.	-	652
Others	59	154
Purchases and costs:		
Purchases of electric energy -		
Compañía Eléctrica El Platanal S.A.	127,303	64,975
Maquila Service -		
Unión de Concreteras S.A.	49,664	17,238
Concremax S.A.	1,796	815
Commissions and freight costs of cement sales -		
La Viga S.A.	29,793	22,734
Concremax S.A.	-	194
Surveillance services		
Vigilancia Andina S.A.A.	23,519	22,470
Technical assistance and engineering services -		
ARPL tecnología Industrial S.A.	22,491	15,314
Purchases of additional material-		
Unión de Concreteras S.A.	4,797	2,205
Engineering services and project management-		
ARPL tecnología Industrial S.A.	12,938	10,555
Warehouse management services-		
Depósito Aduanero Conchán S.A.	3,133	1,643
Expense reimbursements -		
Unión de Concreteras S.A.	5,574	3,755
ARPL tecnología Industrial S.A.	1,025	991

Notes to the separate financial statements (continued)

	2021 S/ (000)	2020 S/ (000)
Others –		
Generación Eléctrica Atocongo S.A.	3,159	2,884
Unión de Concreteras S.A.	460	308
Prefabricados Andinos Perú S.A.C.	1,789	496
Unicon Chile S.A.	726	-
Unicon Chile S.A.	140	-
Drake Cement LLC.	154	210
Inversiones Nacionales y Multinacionales Andinas S.A.	122	122
Master Builders Solutions Peru S.A.	-	59
Cia. Inversiones Santa Cruz S.A.	19	16

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

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Accounts receivable		
Unión de Concreteras S.A.	28,213	56,247
La Viga S.A.	30,252	29,428
Unacem Chile S.A.	19,452	-
Concremax S.A.	748	9,254
Unicon Chile S.A.	3,612	8,936
UNACEM Ecuador S.A.	7,574	4,245
Compañía Eléctrica El Platanal S.A.	6,799	5,172
Drake Cement LLC.	456	1,430
Prefabricados Andinos Perú S.A.C.	3,790	1,509
Others	229	793
	<u>101,125</u>	<u>117,014</u>
Dividends receivable		
Compañía Eléctrica El Platanal S.A.	37,771	36,476
Inversiones en Concreto y Afines S.A.	30,724	27,909
Inversiones Imbabura S.A.	5,653	60,176
ARPL tecnología Industrial S.A.	-	8,273
	<u>74,148</u>	<u>132,834</u>
Loans receivable		
Prefabricados Andinos Perú S.A.C.	22,808	17,771
Inversiones en Concreto y Afines S.A.	272	191
	<u>23,080</u>	<u>17,962</u>
Total accounts receivable, note 4 (a)	<u>198,353</u>	<u>267,810</u>

Notes to the separate financial statements (continued)

	As of December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
By term -		
Current Portion	175,545	183,881
Non- Current Portion	22,808	83,929
	<hr/>	<hr/>
	198,353	267,810
	<hr/>	<hr/>
Payable Accounts		
Unión de Concreteras S.A.	31,364	9,124
Compañía Eléctrica El Platanal S.A.	11,299	18,115
ARPL tecnología Industrial S.A.	10,080	8,122
Concremax S.A.	8,226	595
Inversiones en Concreto y Afines S.A.	7,298	-
La Viga S.A.	3,415	3,849
Vigilancia Andina S.A.A.	2,052	1,984
Prefabricados Andinos Perú S.A.C	1,378	158
Transporte Lurin S.A.	623	623
Drake Cement LLC.	22	272
Depósito Aduanero Conchán S.A.	-	142
Generación Eléctrica Atocongo S.A.	-	533
Others	99	140
	<hr/>	<hr/>
Total accounts payable, note 9 (a)	75,856	43,657
	<hr/>	<hr/>

The Company 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.

- (c) The total remuneration received by the directors and key officers of the Management as of December 31, 2021, amounted to approximately S/ 29,976,000 (as of December 31, 2020, of approximately S/ 18,674,000), which include short-term benefits and compensation for service time.

Notes to the separate financial statements (continued)

19. Earnings per share

Basic earnings per share amounts 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 December 31, 2021 S/ (000)	As of December 31, 2020 S/ (000)
Numerator		
Net income attributable to common shares	395,531	30,287
	<u> </u>	<u> </u>
	In thousands	In thousands
Denominator		
Weighted average number of common shares	1,818,128	1,818,128
	<u> </u>	<u> </u>
Basic and diluted earnings per share (stated in thousands of Soles)	0.218	0.017
	<u> </u>	<u> </u>

20. Commitments and contingencies

20.1 Financial commitments -

As of December 31, 2021, the Company has the following main financial commitments:

- 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/. 7,616,000 due in January 2022, to guarantee compliance with the Mine Closure Plan for its mining concessions (US\$ 1,678,000 equivalent to S/ 6,071,000 maturing in January 2021 to December 31, 2020).
- Letter of guarantee in favor of the Ministry of Production, issued by the Banco de Crédito del Peru, for an approximate total of US \$ 4,608,000 equivalent to S/ 15,504,000 maturing in January 2022 and S/ 2,919,000 maturing in December 2022, to ensure compliance with the Mine Closure Plan of its mining concessions (US \$ 4,123,000 equivalent to S/ 14,917,000, expiring in January 2021 to December 31, 2020).
- Letters of guarantee in favor of third parties for a total of S/1,604,000, due in 2022.

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, 2021, and 2020.

- (c) The Tax Authority has the power to review and, if applicable, correct the Income Tax calculated by the Company in the four years after the year in which the tax return was filed, also during the prescription period, the start of a review by the Tax Authority or the presentation of a corrective statement interrupt the statute of limitations, starting a new period of four years. The sworn statements of the Income Tax for the years 2013, 2016 to 2021, as well as the monthly sworn statements of the General Sales Tax for the periods December 2016 to September 2021 are open to inspection by the 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 possible additional settlement of taxes for said periods will not be significant for the separate financial statements as of December 31, 2021, and December 31, 2020.
- (e) As of December 31, 2021, the Company recorded an income tax provision for S/ 153,666,000 and made payments on account for S/ 82,003,000 (S/58,320,000 and S/57,679,000 as of December 31, 2020, respectively). As of December 31, 2021, and 2020, the net balance payable of S/71,663,000 and S/641,000, respectively, are presented under the caption "Trade and miscellaneous accounts payable" of the separate statement of financial position, see note 9(a).

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 carried out in previous years, the Company has been notified by the Superintendency of Tax Administration (SUNAT) with various resolutions for alleged omissions to income tax and other taxes. 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. These tax processes are related to:
- 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 -

Notes to the separate financial statements (continued)

- Contribution to the mining, metallurgical and iron and steel retirement compensation fund for the year 2013, 2014 and 2015.
- Mining Royalties, Ex Cementos Lima, years 2008 and 2009
- Mining Royalties, Ex Cemento Andino, Year and 2008

As of December 31, 2021, and 2020, the Company has balances receivable related to said tax processes, because, in the opinion of the Company's Management and its legal advisors, there are reasonable arguments to obtain a favorable result to the interests of the Company.

20.4 Mining royalties -

This information has not changed as described in the note to the separate annual financial statements as of Thursday, December 31, 2020.

20.5 Environmental commitments -

The activities of the Company are subject to environmental protection standards. This information has not changed as described in the note to the separate annual financial statements as of December 31, 2020.

21. Financial risk management, objectives, and policies

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

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 executives that the Company'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 the Company's preferences when taking risks. 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 policies for managing each of these risks which are summarized below:

21.1 Market risk -

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

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, 2021, and 2020.

Notes to the separate financial statements (continued)

(i) Interest rate risk -

(a) Derivative Financial instruments from hedge -

As of December 31, 2021, and 2020, 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, 2021	As of December 31, 2020
	US\$(000)				S/ (000)	S/ (000)
Liabilities -						
Citibank N.A.	50,000	October 2025	Libor to 3 months + 1.75%	5.70%	13,210	21,488
Bank of Nova Scotia	30,000	September 2025	Libor to 3 months + 2.60%	5.66%	3,719	7,272
Santander S.A.	45,000	November, 2023	Libor to 3 months + 1.85%	5.03%	8,499	14,575
					25,428	43,335

The effective portion of changes in the fair value of financial instruments that qualify as hedges is recognized as assets or liabilities and with impact on equity. As of December 31, 2021, and 2020, the Company has recognized under "Unrealized net profit (loss) of the separate statement of comprehensive income amounts to approximately S/ 12,625,000 and S/ 10,244,000, respectively, which are presented net of the effect in the income tax, respectively.

Likewise, during the year 2021 the Company recognized a financial expense for these derivative financial instruments amounting to approximately S/15,839,000 (S/11,316,000 during the year 2020), whose amounts have been effectively paid during the year and are presented as part of the caption " Financial expenses" of the separate income statement.

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	Effect on profit before income tax	
	As of December 31, 2021	As of December 31, 2020
%	S/(000)	S/(000)
-10	(74)	(103)
+10	74	103

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

Notes to the separate financial statements (continued)

(ii) Foreign currency risk-

The result of maintaining balances in foreign currency for the Company as of December 31, 2021 and 2020 were a net loss of approximately S/ 48,270,000 (a loss of approximately S/ 227,645,000 and a gain of approximately S/ 179,375,000), and a net loss of approximately S/ 49,656,000 (loss of approximately S/ 129,676,000 and gain of approximately S/ 80,020,000), respectively, which are presented in the caption "Exchange difference, net" in the separate statement of income.

As of December 31, 2021, and 2020, the Company had the following assets and liabilities in U.S. Dollars:

	As of December 31, 2021	As of December 31, 2020
	US\$(000)	US\$(000)
Asset		
Cash and cash equivalents	1,347	5,592
Trade and other receivable, net	17,223	56,142
	<u>18,570</u>	<u>61,734</u>
Liabilities		
Trade and miscellaneous accounts payable	(8,675)	(14,354)
Overdrafts and bank loans	-	-
Other financial liabilities	(137,500)	(203,500)
Derivative financial instruments of exchange rate	(6,360)	(11,958)
	<u>(152,535)</u>	<u>(229,812)</u>
Net liability position	<u>(133,965)</u>	<u>(168,078)</u>

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	Effect on profit before income tax	
		As of December 31, 2021	As of December 31, 2020
	%	S/(000)	S/(000)
	+5	(26,801)	(30,475)
	+10	(53,602)	(60,951)
	-5	26,801	30,475
	-10	53,602	60,951

Notes to the separate financial statements (continued)

21.2 Credit risk -

As of December 31, 2021, 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 -

As of December 31, 2021, 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 and the state of health emergency, considering that we have S/ 54,588,000 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:

	As of December 31, 2021			
	Up to 12 months S/ (000)	From 2 to 3 years S/ (000)	From 4 to 8 years S/ (000)	Total S/ (000)
Trade and miscellaneous accounts payable	426,965	-	-	426,965
Other financial liabilities:				
Amortization of capital	383,635	1,752,487	527,785	2,663,907
Flow of interest payments	86,542	228,011	25,507	340,060
Total liabilities	897,142	1,980,498	553,292	3,430,932
	As of December 31, 2020			
	Up to 12 months S/ (000)	From 2 to 3 years S/ (000)	From 4 to 8 years S/ (000)	Total S/ (000)
Trade and miscellaneous accounts payable	255,075	-	-	255,075
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
Total liabilities	1,188,779	2,115,367	508,886	3,813,032

Notes to the separate financial statements (continued)

21.4 Capital management-

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

22. 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 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:

	Level 2 S/ (000)	Total S/ (000)
As of December 31, 2021		
Financial assets		
Dividend's receivable	74,148	74,148
	<u>74,148</u>	<u>74,148</u>
Total current assets	74,148	74,148
Financial liabilities		
Derivative financial instruments	25,428	25,428
	<u>25,428</u>	<u>25,428</u>
Other financial liabilities	25,428	25,428
	Level 2 S/ (000)	Total S/ (000)
As of December 31, 2020		
Financial assets		
Dividend's receivable	132,834	132,834
	<u>132,834</u>	<u>132,834</u>
Total current assets	132,834	132,834
Financial liabilities		
Derivative financial instruments	43,335	43,335
	<u>43,335</u>	<u>43,335</u>
Other financial liabilities	43,335	43,335

Notes to the separate financial statements (continued)

- (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 it carrying value.
- Trade and other payables, due to its current maturity, Management deems that its accounting balances are close to its fair value.

Level 2 -

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

	<u>As of December 31, 2021</u>		<u>As of December 31, 2020</u>	
	Carrying value S/ (000)	Fair value S/ (000)	Carrying value S/ (000)	Fair value S/ (000)
Bank notes	170,000	166,847	367,440	362,295
Other financial liabilities	2,493,907	2,263,217	2,803,502	2,644,876

23. Subsequent events

Through the General Meeting of Shareholders of UNACEM S.A.A. dated December 14, 2021, the simple reorganization was approved, which comes into force as of January 1st, 2022 (see note 1).