

# UNACEM Corp S.A.A. and Subsidiaries

UNAUDITED Consolidated interim  
financial information as of  
December 31, 2022, and 2021



**UNION ANDINA DE CEMENTOS S.A.A. AND SUBSIDIARIES**  
**Statement of Financial Position**  
For the periods ended December 31, 2022 and December 31, 2021  
(In thousands of Soles)

	Notes	As of December 31, 2022	As of December 31, 2021
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	334,845	399,755
Other Financial Assets		5,012	3,886
<b>Trade Accounts Receivable and other accounts receivable</b>		<b>800,733</b>	<b>647,538</b>
Trade Accounts Receivable , net	6	660,837	530,009
Other Accounts Receivable , net	6	82,063	62,990
Accounts Receivable from Related Companies	6	39,191	31,500
Advanced payments	6	18,642	23,039
Inventories	7	851,645	664,328
Biological Assets		-	-
Assets by Income Taxes	6	33,596	14,109
Other Non-Financial Assets		29,848	23,418
<b>Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners</b>		<b>2,055,679</b>	<b>1,753,034</b>
Non-current assets or groups of assets for disposal Classified as Held for Sale		-	-
Non-current assets or groups of assets for its classified as held for distribution to owners		-	-
<b>Non-current assets or groups of assets for disposal Classified as Held for Sale or Held for distribution to owners</b>		<b>-</b>	<b>-</b>
<b>Total Current Assets</b>		<b>2,055,679</b>	<b>1,753,034</b>
<b>Non-Current Assets</b>			
Other Financial Assets		-	-
Investments in subsidiaries, joint ventures and associates		23,734	20,961
<b>Trade Accounts Receivables and other accounts receivables</b>		<b>83,245</b>	<b>89,260</b>
Trade Accounts Receivable		-	-
Other Accounts Receivable	6	83,245	86,968
Accounts Receivable from Related companies		-	-
Advanced payments	6	-	2,292
Biological Assets		-	-
Investment Property		-	-
Property, Plant and Equipment , net	9	7,473,383	7,502,857
Intangible Assets , net	10	229,189	226,091
Assets Deferred Income Tax	14	207,455	206,404
Surplus value	11	1,176,605	1,178,802
Other Assets		139,782	145,889
<b>Total Non-current Assets</b>		<b>9,333,393</b>	<b>9,370,264</b>
<b>TOTAL ASSETS</b>		<b>11,389,072</b>	<b>11,123,298</b>

	Notes	As of December 31, 2022	As of December 31, 2021
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Other Financial Liabilities	12	1,106,529	700,255
<b>Trade accounts payable and other payable accounts</b>		<b>981,650</b>	<b>858,575</b>
Trade Accounts Payable	13	677,093	556,438
Other Accounts Payable	13	269,127	281,547
Accounts payable to related companies	13	28,812	19,583
Deferred Income		6,618	1,007
Provision for Employee Benefits		-	-
Other provisions		81,072	88,814
Income tax liabilities		182,893	117,085
Other non-financial liabilities		8,024	8,554
<b>Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale</b>		<b>2,360,168</b>	<b>1,773,283</b>
Liabilities included in asset groups classified as held for sale		-	-
<b>Total Current Liabilities</b>		<b>2,360,168</b>	<b>1,773,283</b>
<b>Non-Current Liabilities</b>			
Other Financial Liabilities	12	2,629,349	3,227,779
<b>Trade accounts payable and other payable accounts</b>		<b>28,534</b>	<b>37,950</b>
Trade Accounts Payable		-	-
Other Accounts Payable	13	28,534	37,950
Accounts payable to related companies		-	-
Deferred Income		-	-
Provision for Employee Benefits		-	-
Other provisions		71,559	70,489
Liabilities Deferred Income Taxes	14	585,180	594,623
Other non-financial liabilities	8(b)y24.A	17,474	48,867
<b>Total Non-Current Liabilities</b>		<b>3,332,096</b>	<b>3,979,708</b>
<b>Total Liabilities</b>		<b>5,692,264</b>	<b>5,752,991</b>
<b>Stockholders' Equity</b>			
Capital Issued	15	1,818,128	1,818,128
Issuance Premiums	15	-38,019	-38,019
Investment shares		-	-
Treasury Shares in portfolio	15	-23,530	-11,610
Other Capital Reserves	15	363,626	363,626
Accrued Results	15	2,949,002	2,556,053
Other Equity Reserves	15	341,444	406,540
<b>Shareholders' equity attribute to the owners of the Parent</b>		<b>5,410,651</b>	<b>5,094,718</b>
Non Controlling interest		286,157	275,589
<b>Total Stockholders' Equity</b>		<b>5,696,808</b>	<b>5,370,307</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>11,389,072</b>	<b>11,123,298</b>



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

## Income Statement

For the periods ended December 31, 2022 and 2021

(In thousands of Soles)

	Notes	For the specific quarter from October 1, to December 31, 2022	For the specific quarter from October 1, to December 31, 2021	For the cumulative period from January 1st to December 31, 2022	For the cumulative period from January 1st to December 31, 2021
Incomes from ordinary activities	16	1,604,483	1,430,532	5,978,843	5,066,169
Cost of Sales	17	-1,193,079	-974,780	-4,350,232	-3,559,005
<b>Profit (Loss) Gross</b>		<b>411,404</b>	<b>455,752</b>	<b>1,628,611</b>	<b>1,507,164</b>
Selling Expenses and distribution		-34,431	-32,302	-120,115	-110,701
Administrative expenses	18	-112,968	-98,754	-401,622	-325,168
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income	19	32,583	8,530	64,488	69,650
Other Operating Expenses	19	-36,521	-36,774	-85,966	-70,397
Other profit (loss)		-	-	-	-
<b>Profit (Loss) from operating activities</b>		<b>260,067</b>	<b>296,452</b>	<b>1,085,396</b>	<b>1,070,548</b>
Financial Income		8,087	-6,391	16,634	7,250
Financial Expenses	20	-48,599	-55,410	-192,621	-229,151
Exchange differences, net		25,816	9,381	35,445	-64,071
Share of Profit (Loss) in net results from Equity-Accounted Joint Ventures and related companies		343	587	3,861	6,524
Profit (Loss) arising from the difference between the previous book value and fair value of Reclassified financial assets accounted at fair value		-	-	-	-
Difference between the book value of the distributed assets and the book value of the divided payable		-	-	-	-
<b>Gains before Income tax</b>		<b>245,714</b>	<b>244,619</b>	<b>948,715</b>	<b>791,100</b>
Income tax expenses	14(a)	-51,136	-62,664	-289,120	-216,345
<b>Profit (Loss) Net of Continued Operations</b>		<b>194,578</b>	<b>181,955</b>	<b>659,595</b>	<b>574,755</b>
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
<b>Profit (loss) net of the year</b>		<b>194,578</b>	<b>181,955</b>	<b>659,595</b>	<b>574,755</b>
<b>Profit (Loss) net, attributable to :</b>					
Owners of the Parent		169,663	159,300	554,653	498,114
Non-controlling interest		24,915	22,655	104,942	76,641
<b>Net Profit (Loss) of the Year</b>		<b>194,578</b>	<b>181,955</b>	<b>659,595</b>	<b>574,755</b>



**UNION ANDINA DE CEMENTOS S.A.A. AND SUBSIDIARIES**  
**Statement of Comprehensive Income**  
For the periods ended December 31, 2022 and 2021  
(In Thousands of Soles)

Notes	For the specific quarter from October 1, to December 31, 2022	For the specific quarter from October 1, to December 31, 2021	For the cumulative period from January 1st to December 31, 2022	For the cumulative period from January 1st to December 31, 2021
<b>Net Profit (Loss) of the year</b>	<b>194,578</b>	<b>181,955</b>	<b>659,595</b>	<b>574,755</b>
<b>Components of other comprehensive income:</b>				
Net Change for Cash Flow Hedges	-	-	-	-
Hedges of a Net Investment in a Foreign Operation	-	-	-	-
Profit (Loss) in equity instrument investments at fair value	-	-	-	-
Exchange difference on translation of Foreign Operations	-	-	-	-
Net variation of non-current assets or groups of assets held for sale	-	-	-	-
Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method	-	-	-	-
Revaluation Surplus	-	-	-	-
Actuarial Gain (Loss) on defined benefit pension plans	-	-	-	-
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability	-	-	-	-
<b>Other Comprehensive Income Pre Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income tax relating to components of other comprehensive income</b>				
Net Change for Cash Flow Hedges	-8,676	7,417	18,157	11,352
Hedges of a Net Investment in a Foreign Operation	-	-	-	-
Profit (Loss) in equity instrument investments at fair value	-	-	-	-
Exchange difference on translation of Foreign Operations	-72,200	-73,763	-91,706	144,003
Net variation of non-current assets or groups of assets held for sale	-	-	-	-
Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method	-	-	-	-
Revaluation Surplus	-	-	-	-
Actuarial Gain (Loss) on defined benefit pension plans	-	-	-	-
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability	-	-	-	-
<b>Sum of Income Tax-Related Components of other comprehensive income</b>	<b>-80,876</b>	<b>-66,346</b>	<b>-73,549</b>	<b>155,355</b>
<b>Other Comprehensive Income</b>	<b>-80,876</b>	<b>-66,346</b>	<b>-73,549</b>	<b>155,355</b>
<b>Total Comprehensive Income for the period , net of income tax</b>	<b>113,702</b>	<b>115,609</b>	<b>586,046</b>	<b>730,110</b>
<b>Comprehensive Income attributable to:</b>				
Owners of the Parent	94,998	96,410	486,399	652,602
Non-controlling interest	18,704	19,199	99,647	77,508
<b>Total Comprehensive Income of the Year, net</b>	<b>113,702</b>	<b>115,609</b>	<b>586,046</b>	<b>730,110</b>



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

Statement of Cash Flow

Direct Method

For the periods ended December 31, 2022 and 2021

(In thousands of Soles)

	Notes	As of January 1st, 2022 to December 31, 2022	As of January 1st, 2021 to December 31, 2021
<b>Operating activities cash flows</b>			
<b>Types of cash collections from operating activities</b>			
Sale of Goods and Services		7,716,069	5,740,963
Royalties, fees, commissions and other income from ordinary activities		-	-
Contracts held for brokering or trading purposes		-	-
Lease and subsequent sales of such assets		-	-
Other Cash Receipts Related to Operating Activity		16,615	11,034
<b>Types of cash collections from operating activities</b>			
Suppliers of goods and services		-5,172,713	-3,340,722
Contracts held for brokering or trading purposes		-	-
cash payments to and on behalf of employees		-831,483	-688,632
Elaboration or acquisition of assets to be leased and other assets held for sale		-	-
Other Cash Payments Related to Operating Activity		-399,869	-356,400
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>1,328,619</b>	<b>1,366,243</b>
Interests received (not included in the Investment Activities)		-	-
Interests paid (not included in the Investment Activities)		-172,413	-211,140
Dividends Received (not included in the Investment Activities)		-	-
Dividends Paid (not included in the Investment Activities)		-	-
Income tax (paid) reimbursed		-241,046	-149,613
Other cash collections (payments)		-	-
<b>Cash flows and cash equivalents from (used in) Operating Activities</b>		<b>915,160</b>	<b>1,005,490</b>
<b>Cash flows from Investment activities</b>			
<b>Type of cash collections from investment activities</b>			
Reimbursement of loan repayment and loans granted to third parties		-	-
Loss of control of subsidiaries or other businesses		-	-
Sale of Equity-related Financial Instruments or debt of other entities		-	-
Derivatives contracts (Futures, Forwards or Options)		-	-
Sales of Interest in Joint Ventures, Net of the expropriated cash		-	-
Sale of Property, Plant and Equipment		28,844	11,561
Sale of intangible assets		-	-
Sale of other long- term assets		-	-
Government Subventions		-	-
Interests received		-	-
Dividends received		1,075	26,273
Type of cash payments from investment activities		-	-
<b>Advances and loans granted to third parties</b>			
Controlling interest of subsidiaries and other businesses		-	-
Purchase of Financial Instruments of equity or debt of other entities		-	-
Derivatives contracts (Futures, Forwards or Options)		-	-
Purchase of Subsidiaries, Net of cash acquired		-12,925	3,430
Purchase of Joint Venture shares, Net of the cash acquired		-	-
Purchase of Property, Plant and Equipment	9(b)	-420,541	-341,703
Purchase of intangible assets		-15,895	-5,178
Purchase of other long- term assets		-	-
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to Investment activities		-3,233	32,692
<b>Cash flows and cash equivalents from (used in) Investing activities</b>		<b>-422,675</b>	<b>-272,925</b>
<b>Cash flows from Financing activities</b>			
<b>Type of cash collections from financing activities</b>			
Loan securing		1,065,863	1,985,106
Changes to the subsidiaries ownership interest not resulting in the loss of control		-	-
Share issuance		-	-
Issuance of other Equity Instruments		-	-
Government Subventions		-	-
<b>Type of cash payments from financing activities</b>			
Loan Amortization or Repayment		-1,274,661	-2,727,225
Leasing liabilities		-11,016	-15,876
Changes to the subsidiaries ownership interest not resulting in the loss of control		-18,612	-4,912
Redemption or repurchase of the entities' shares (Shares in the portfolio)		-11,920	-11,610
Acquisition of other equity interest		-	-
Interests paid		-	-
Dividends paid		-293,297	-123,121
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to financing activities		-	-1,453
<b>Cash flows and cash equivalents from (used in) financing activities</b>		<b>-543,643</b>	<b>-899,091</b>
<b>Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates</b>		<b>-51,158</b>	<b>-166,526</b>
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-13,752	17,096
<b>Increase (Decrease) in Net Cash and Cash Equivalents</b>		<b>-64,910</b>	<b>-149,430</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>399,755</b>	<b>549,185</b>
<b>Cash and cash equivalents at end of year</b>	5	<b>334,845</b>	<b>399,755</b>



**UNION ANDINA DE CEMENTOS S.A.A. AND SUBSIDIARIES**  
**Statement of change in Stockholder's Equity**  
 For the periods ended December 31, 2022 and 2021  
 (In Thousands of Soles)

Other Equity Reserves

	Capital Issued	Issuance Premiums	Investment shares	Treasury Shares in Portfolio	Other Capital Reserves	Accrued Results	Cash Flow Hedges	Investment Hedges, net of foreign businesses	Investments in equity instruments accounted at fair value	Exchange difference on translation of Foreign Operations	Non-current assets or groups of assets held for sale	Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method	Revaluation Surplus	Actuarial Profit (Loss) on defined benefit pension plans	Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability	Subtotal	Shareholders' equity attribute to the owners of the Parent	Non-controlling Interest	Total Stockholders' Equity
<b>Balance as of January 1, 2021</b>	<b>1,818,128</b>	<b>-38,019</b>	<b>-</b>	<b>-</b>	<b>363,626</b>	<b>2,253,019</b>	<b>-35,871</b>	<b>-</b>	<b>-</b>	<b>287,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252,052</b>	<b>4,648,806</b>	<b>203,484</b>	<b>4,852,290</b>
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>3. Restated Initial Balance</b>	<b>1,818,128</b>	<b>-38,019</b>	<b>-</b>	<b>-</b>	<b>363,626</b>	<b>2,253,019</b>	<b>-35,871</b>	<b>-</b>	<b>-</b>	<b>287,923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252,052</b>	<b>4,648,806</b>	<b>203,484</b>	<b>4,852,290</b>
<b>4. Changes in Stockholders' Equity:</b>																			
5. Comprehensive Income:																			
6. Gain (Loss) for the year						498,114											498,114	76,641	574,755
7. Other Comprehensive Income:							12,211			142,277						154,488	154,488	867	155,355
<b>8. Comprehensive Income - Total year</b>						<b>498,114</b>	<b>12,211</b>			<b>142,277</b>						<b>154,488</b>	<b>652,602</b>	<b>77,508</b>	<b>730,110</b>
9. Cash Dividends Declared						-192,445											-192,445	-7,018	-199,463
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																		-4,912	-4,912
15. Increase (decrease) for transactions with Treasury Shares in Portfolio				-11,610													-11,610		-11,610
16. Increase (Decrease) for Transfer and other Equity Changes						-2,635											-2,635	6,527	3,892
<b>Total Equity Increase (decrease)</b>				<b>-11,610</b>		<b>303,094</b>	<b>12,211</b>			<b>142,277</b>						<b>154,488</b>	<b>445,912</b>	<b>72,105</b>	<b>518,017</b>
<b>Balance as of December 31, 2021</b>	<b>1,818,128</b>	<b>-38,019</b>	<b>-</b>	<b>-11,610</b>	<b>363,626</b>	<b>2,556,053</b>	<b>-23,660</b>	<b>-</b>	<b>-</b>	<b>430,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,540</b>	<b>5,094,718</b>	<b>275,589</b>	<b>5,370,307</b>
<b>Balance as of January 1, 2022</b>	<b>1,818,128</b>	<b>-38,019</b>	<b>-</b>	<b>-11,610</b>	<b>363,626</b>	<b>2,556,053</b>	<b>-23,660</b>	<b>-</b>	<b>-</b>	<b>430,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,540</b>	<b>5,094,718</b>	<b>275,589</b>	<b>5,370,307</b>
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>3. Restated Initial Balance</b>	<b>1,818,128</b>	<b>-38,019</b>	<b>-</b>	<b>-11,610</b>	<b>363,626</b>	<b>2,556,053</b>	<b>-23,660</b>	<b>-</b>	<b>-</b>	<b>430,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,540</b>	<b>5,094,718</b>	<b>275,589</b>	<b>5,370,307</b>
<b>4. Changes in Stockholders' Equity:</b>																			
5. Comprehensive Income:																			
6. Gain (Loss) for the year						554,653											554,653	104,942	659,595
7. Other Comprehensive Income:						-3,158	21,923			-87,019						-65,096	-68,254	-5,295	-73,549
<b>8. Comprehensive Income - Total year</b>						<b>551,495</b>	<b>21,923</b>			<b>-87,019</b>						<b>-65,096</b>	<b>486,399</b>	<b>99,647</b>	<b>586,046</b>
9. Cash Dividends Declared						-162,610											-162,610	-58,127	-221,737
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																		-24,995	-24,995
15. Increase (decrease) for transactions with Treasury Shares in Portfolio				-11,920													-11,920		-11,920
16. Increase (Decrease) for Transfer and other Equity Changes						4,064											4,064	-4,957	-893
<b>Total Equity Increase (decrease)</b>				<b>-11,920</b>		<b>392,949</b>	<b>21,923</b>			<b>-87,019</b>						<b>-65,096</b>	<b>315,933</b>	<b>10,568</b>	<b>326,501</b>
<b>Balance as of December 31, 2022</b>	<b>1,818,128</b>	<b>-38,019</b>	<b>-</b>	<b>-23,530</b>	<b>363,626</b>	<b>2,949,002</b>	<b>-1,737</b>	<b>-</b>	<b>-</b>	<b>343,181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>341,444</b>	<b>5,410,651</b>	<b>286,157</b>	<b>5,696,808</b>

## **1. Corporate Background**

### **A. Background and Economic Activity**

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

As of December 31, 2022, and 2021, the Company is a subsidiary of Inversiones JRPR S.A. (hereinafter the Parent Company, which is the ultimate controlling party of the group). It holds 42.22 percent of the direct and indirect shares of its share capital. The Parent Company has power to govern the financial and operating policies of the Company.

The registered office of the Company is located at Av. Carlos Villarán N° 508, La Victoria, Lima, Perú.

The Company is mainly engaged in the production and sale of all types of cement, clinker, and other construction materials in the country and abroad, as well as to develop all kinds of intellectual property and technologies related to such activities. Additionally, the Company may invest in real estate investments and activities related to the generation, transmission and/or distribution of electricity.

The consolidated financial statements of the Company and subsidiaries (hereinafter "The Group") for the fourth quarter of 2022 have been issued and approved by Management. The consolidated financial statements of 2021 were approved at the Board Meeting held on March 22, 2022.

#### ***Reorganization and change in name and corporate purpose.***

The General Shareholders' Meeting, held on December 14, 2021, approved the reorganization of the Company, effective on January 1, 2022.

The reorganization plan aimed to set aside three equity blocks contributed by the Company to three wholly owned subsidiaries: UNACEM Peru S.A., Minera Adelaida S.A. and Inversiones Nacionales y Multinacionales Andinas S.A. (INMA).

The business unit UNACEM Peru S.A. is the new company specialized in the production and sale of clinker and cement in the country and to export. Consequently, all assets and liabilities related to the cement business, such as the production plant, the operation of the port terminal, the mining operation, the hydroelectric plants, and the thermal plant passed to UNACEM Perú S.A. Minera Adelaida S.A. received through the transfer the mining concessions not related to the main economic activity of UNACEM Perú S.A. On the other hand, Inversiones Nacionales y Multinacionales Andinas S.A. received through the transfer the properties not related to the main economic activity of UNACEM Perú S.A.

Likewise, at the shareholders' meeting, the change of name and corporate purpose of the Company was approved, being the new name UNACEM Corp S.A.A. As of June 02, 2022, these changes are in the process of being registered with the National Superintendence of Public Registries (SUNARP).

The Simple Reorganization does not influence the consolidated financial statements, since it is a distribution of assets and liabilities between UNACEM Corp and its subsidiaries.

### **B. Acquisitions**

#### ***B.1 UNACEM Chile S.A. (previously Cementos la Unión S.A. or CLU Chile)***

On December 11, 2020, the Company entered into a share purchase agreement with Cementos La Unión S.A., Áridos Jativa S.L. and Inversiones Mel 20 Ltda. (the Sellers) to purchase all the shares of Cementos la Unión S.A. and all the ownership interests of Inversiones Mel 20 Ltda. (note 1.B.2) under the fulfillment of certain conditions, including the approval of the acquisition by the National Economic Prosecutor of Chile (FNE, for its Spanish acronym). Through Resolution F-257-2020, dated February 23, 2021, the FNE approved the acquisition. On March 19, 2021, the Company obtained control of CLU Chile.

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On June 25, 2021, Cementos la Unión S.A. changed its corporate name to UNACEM Chile S.A. (hereinafter "UNACEM Chile").

Consequently, the Group acquired all the direct and indirect shares of UNACEM Chile S.A., an entity based in Chile that is engaged in the manufacturing and sale of cement.

UNACEM Chile S.A. owns the San Juan plant located in the port of San Antonio, Valparaíso, that has a cement production capacity (grinding and dispatch) of 300,000 t/yr.

The acquisition amounted to US\$ 23,131,000 (equivalent to S/ 83,688,000). It comprises the purchase price for US\$ 3,000 (equivalent to S/ 10,000) and a loan from UNACEM Chile S.A. for US\$ 23,128,000 (equivalent to approximately S/ 83,678,000), which was guaranteed by the Company.

On December 29, 2021, the Company capitalized an account receivable from UNACEM Chile S.A. (see note 8(g) for US\$23,128,000 (equivalent to S/ 91,992,000 at the capitalization) and made a capital contribution for US\$7,672,000, increasing the share capital of UNACEM Chile by S/ 122,367,000. With said contribution, UNACEM Chile S.A. used this contribution to enter into a sale and purchase agreement with Cementos Bio Bio S.A. and its subsidiaries Bio Bio Cementos S.A. and Minera Rio Teno S.A. (unrelated parties) to purchase all the assets of the San Antonio cement grinding plant located in the District of San Antonio, Valparaíso, that has a cement production capacity (grinding and dispatch) of 300,000 t/yr, and the exploitation rights, mining concessions or properties over the pozzolan deposit called "Popeta 1 to 30" with an area of 300 hectares.

**B.2 Inversiones Mel 20 Ltda. (MEL20)**

Under the agreement, dated March 19, 2021 (note 1.B.1), UNICON Chile S.A. entered into an assignment agreement with the Sellers. Consequently, UNICON Chile S.A. obtained control of Inversiones Mel 20 Ltda. on that date. The acquisition amounted US\$ 1,000. It was fully paid by UNICON Chile S.A.

Therefore, the Group acquired all the direct and indirect shares of Inversiones Mel 20 Ltda., an entity based in Chile that is engaged in the transformation of cement-based materials, manufacturing, purchase, sale of ready-mix concrete, and rendering of construction activities.

Inversiones Mel 20 Ltda. owns two ready-mix concrete plants located in Santiago, Chile, that have a production capacity of 336,000 m3/yr., and a fleet of concrete mixer trucks.

The Group acquired UNACEM Chile S.A. and Inversiones Mel 20 Ltda. as part of its strategy to consolidate and diversify its business activities (cement, concrete, and precast concrete). Likewise, it seeks to create synergies, optimize costs, and share engineering experience between countries.

From the acquisition date to December 31, 2021, the acquirees contributed revenue for S/ 86,864,000 and a net loss for S/ 9,976,000 to the Group's profit or loss. According to management, if the acquisition had occurred on January 1, 2021, revenue would have amounted to S/ 5,188,057,000 and net profit or loss would have amounted to S/ 563,159,000. In determining these amounts, management assumed that the adjustments to fair value on the acquisition date would have been the same if the acquisition had occurred on January 1, 2021.

**B.3 Constructora de Obras Civiles y Viales Limitada (CONOVIA)**

On November 21, 2022, the subsidiaries UNICON Chile S.A. and UNACEM Chile S.A. (the "Buyers") entered a contract with the companies Inversiones Befeld Limited and Inversiones Majas Limited (the "Sellers"), for the purpose of acquiring 100% of the share rights of Constructora de Obras Civiles y Viales Limitada (now CONOVIA) and control of that company was taken on that same date.

Consequently, the Group acquired 100% of the direct and indirect share participation of the capital shares of CONOVIA, a company domiciled in Chile, which is dedicated to the crushing of dry material extracted from the river and the sale of finished product on its own account or on behalf of third parties, as well as the commercialization, purchase, sale and distribution of such material.



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CONOVIAS has a "Tabolango" aggregates plant located in Tabolango, Limache commune, Valparaíso Region in Chile, with an annual production capacity of 0.15 million cubic meters.

The total amount of the transaction was US\$ 3,763,000 (equivalent to S/ 14,429,000), fully paid by the buyers.

The Group acquired CONOVIA, as part of its strategy to consolidate and diversify its business activities (cement, concrete, and precast concrete). Likewise, it seeks to create synergies, optimize costs, and share engineering experience between countries.

From the acquisition date to December 31, 2022, the acquirees contributed revenue for S/ 620,000 and a net loss for S/ 264,000 to the Group's profit or loss. According to management, if the acquisition had occurred on January 1, 2022, revenue would have amounted to S/ 4,708,000 and net profit or loss would have amounted to S/ 1,515,000. In determining these amounts, management assumed that the adjustments to fair value on the acquisition date would have been the same if the acquisition had occurred on January 1, 2022.

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**2. Information on the structure of the Subsidiaries**

As of December 31, 2022, and 2021, the Company's consolidated statements include the following subsidiaries (figures according to IFRS and before eliminations for consolidation purposes):

In thousands of soles	Entity	Economic Activity	2022		2021		Asset		Liabilities		Net Equity		Profit (loss)	
			Direct (%)	Indirect (%)	Direct (%)	Indirect (%)	2022	2021	2022	2021	2022	2021	2022	2021
<b>Country of Constitution(vii)</b>														
Peru	UNACEM Perú S.A.--UNACEM Perú (see note 1.A)	Production and sale of cement	99.99	0.01	99.99	0.01	4,721,849	10	2,370,281	-	2,351,568	10	421,455	-
Peru/Ecuador	Inversiones Imbabura S.A. and Subsidiaries (i)	Production and sale of cement	100.00	-	100.00	-	2,111,268	2,176,107	479,659	487,172	1,631,609	1,688,935	60,123	114,132
United States	Skanon Investments Inc. and Subsidiaries (ii)	Production and sale of cement and concrete	95.84	-	95.80	-	1,914,037	1,878,389	831,985	754,667	1,082,052	1,123,722	66,517	26,834
Peru	Compañía Eléctrica el Platanal S.A. and Subsidiaries (iii)	Sale of energy and power	90.00	-	90.00	-	1,202,940	1,206,068	378,617	419,554	824,323	786,514	57,938	41,912
Peru/Chile	Inversiones en Concreto y Afines S.A. and Subsidiaries (iv)	Sale of concrete and premixed	93.38	-	93.38	-	1,001,972	930,363	583,918	520,459	418,054	409,904	14,508	52,001
Chile	Unacem Chile S.A. and Subsidiaries (1.B)	cement and concrete	99.89	0.11	99.89	0.11	305,998	256,578	206,526	133,171	99,472	123,407	(16,985)	(9,976)
Peru	Inversiones Nacionales y Multinacionales S.A. – INMA	Real estate business	99.77	0.23	90.90	9.10	120,730	18,268	27,496	4,936	93,234	13,332	(778)	23
Chile	Prefabricados Andinos S.A.- PREANSA Chile	Production and sale of Precast concrete	50.00	-	50.00	-	109,860	98,197	96,595	84,864	13,265	13,333	1,742	6,667
Peru/Colombia	Prefabricados Andinos Perú S.A.C. and Subsidiaries (v)	Production and sale of Precast concrete	50.00	-	50.00	-	55,592	65,487	50,679	53,397	4,913	12,090	(3,248)	(4,812)
Peru	ARPL Tecnología Industrial S.A.- ARPL	Technical support services	100.00	-	100.00	-	61,189	54,260	11,420	7,611	49,769	46,649	14,116	11,683
Peru	Generación Eléctrica de Atocongo S.A. - GEA	Power plant operation services	99.85	0.15	99.85	0.15	26,746	36,762	25,347	35,933	1,399	829	570	(745)
Peru	Minera Adelaida S.A.- MINERA	Extraction of non-ferrous metal ores	99.99	-	99.99	-	28,581	359	1,753	3	26,828	356	(882)	(204)
Peru	Vigilancia Andina S.A. – VASA	Surveillance services	55.50	44.50	55.50	44.50	12,206	13,055	4,440	5,944	7,766	7,111	851	574
Peru	Depósito Aduanero Conchán S.A.– DECOA	Surveillance services	99.99	-	99.99	-	2,069	1,963	939	1,040	1,130	923	207	(223)
Peru	Digicem S.A. (before Transportes Lurín S.A.) – DIGICEM	Computer Services	99.99	-	99.99	-	16,306	1,032	16,199	-	107	1,032	(925)	(14)
Peru	Naviera Conchán S.A.- NAVIERA	Services	100.00	-	100.00	-	14	12	14	-	-	12	(16)	(11)

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

At the General Shareholders' Meeting, held on May 10, 2021, UNICON Perú approved the sale of all its shares in UNICON Ecuador to IMBABURA for S/ 51,114,000 (equivalent to US\$ 13,000,000). Additionally, on July 9, 2021, the merger of UNACEM Ecuador (acquirer) and UNICON Ecuador (Acquiree) was approved by the Superintendence of Companies of Ecuador on December 12, 2022, and registered in the Ecuadorian commercial registry on January 31, 2023; consequently, the merger enters into force on February 1, 2023, see note 27.

- (ii) The subsidiaries of Skanon Investments Inc. are Drake Cement L.L.C., Sunshine Concrete & Materials Inc., Maricopa Ready Mix L.L.C.(DRM), Ready Mix Inc. (DRM), Desert Ready Mix L.L.C. and Staten Island Company Inc. (SIC), which controls the subsidiaries: Staten Island Holding L.L.C. (SIH), Staten Island Terminal L.L.C. (SIH), and Desert Aggregates (DA).

During the year 2022, the Company made cash contributions to Skanon for approximately S/ 18,739,000 (equivalent to US\$ 4,875,000), thus increasing its control of Skanon's share capital from 95.80 percent to 95.84 percent.

On May 17, 2021, the Company contributed its shares in SIC and subsidiaries to Skanon for approximately S/ 52,637,000 (equivalent to US\$ 16,031,000); consequently, SIC became a subsidiary of Skanon. On June 28, 2021, the Company purchased the shares of Skanon Investments Inc. (equivalent to 8.68% of the share capital of Skanon Investments Inc.) from its subsidiaries Inversiones en Concreto y Afines S.A. for S/ 66,868,000, Transportes Lurin 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). Therefore, the Company holds 95.80% of the shares of Skanon Investments Inc.

### - *Participations in consolidated structured entities*

- DRM is a structured entity consolidated, through which Skanon conducts its concrete and aggregate operations in the city of Phoenix, United States of America. The initial capitalization and operational expenses of DRM were funded by Skanon.

In July 2014, Skanon began providing financing to DRM for an amount of US\$ 1,750,000 for working capital purposes and an additional US\$ 1,750,000 for the purchase of raw materials. Along with the funding provided, an exclusive option agreement was executed granting Skanon the irrevocable and exclusive right to convert the unpaid portion of the funding provided into a 70 percent majority stake in DRM, at the sole and absolute discretion of Skanon. Skanon and DRM also executed an operational agreement whereby Skanon will provide DRM with technical and commercial support, short-term financing, and other services. The shareholders of DRM committed their participation as collateral in case DRM does not comply with its obligations under the operating agreement. Additionally, in May 2018 an agreement was reached whereby Skanon has the option to acquire the remaining 30% of the shareholding of DRM.

- DA is a structured entity consolidated, through which Staten Island Company, Inc. conducts its concrete and aggregate operations in Maricopa County, Arizona of the United States of America.

During the year 2019, SIC began providing financing to DA for the purchase of land in the city of Arizona. Along with the funding provided, an exclusive option agreement was executed granting Skanon the irrevocable and exclusive right to convert the unpaid portion of the funding provided into a 100 percent majority stake in DA, at the sole and absolute discretion of Skanon. Additionally, Skanon and DA executed an operational agreement whereby Skanon will provide DA with technical and commercial support, short-term financing, and other services. The shareholders of DA committed their participation as collateral in case DA does not comply with its obligations under the

operating agreement.

Skanon determined that it is the primary beneficiary of DRM and DA in reference to the power and benefits criterion. The Group considers that the financing provided by Skanon to DRM and DA, and together with the operational agreements, grant Skanon the power to direct the activities that significantly impact the economic performance of DRM and DA. Additionally, Skanon is the main source of financing for DRM and DA, so it assumes the greatest risk of loss.

As of December 31, 2022, and 2021, the Group holds 70 percent and 100 percent of the interest in the capital of DRM and DA, respectively, in case they do not comply with their obligations under the operating agreement, see note 27.

- (iii) The subsidiaries of Compañía Eléctrica el Platano S.A. (CELEPSA) are: Ambiental Andina S.A.C, Celepsa Renovables S.R.L.(CERE) and Ecorer S.A.C.

On December 29, 2022, CELEPSA was notified of the approval of the offer to acquire the shares and receivables of Termochilca S.A., which is an electricity generation company with a combined cycle thermal power plant, located in the district of Chilca, province of Cañete, with an installed power of 300 MW. According to the bases of the alternative sale procedure, the transaction is subject to the receipt and acceptance of the conditional transfer notification and subscription of the legal documents established in said procedure.

On December 30, 2022, CELEPSA subscribed with La Fiduciaria S.A., the latter representing Trust No G00-3- 1211-0488, a share purchase agreement, whereby CELEPSA will acquire, subject to the authorization of the National Institute for the Defense of Competition and the Protection of Intellectual Property (INDECOP), in compliance with applicable regulations, one hundred percent of the shares representing the capital stock of Termochilca S.A.

CELEPSA has the commitment to acquire, together with the aforementioned shares, 100% of the guaranteed claims (senior debt and subordinated bonds) of Termochilca S.A. in accordance with the sale procedure regulated in the respective Trust Patrimony contract. The total agreed price is USD 141,000,000, which will be paid directly by the Company with funds from bank financing in the period 2023, see note 27.

- (iv) The subsidiary of Inversiones en Concreto y Afines S.A.(INVECO) is Unión de Concreteras S.A. (UNICON Perú), which controls the following subsidiaries: Concremax S.A., UNICON Chile S.A. and Entrepisos Lima S.A.C.
- (v) The subsidiary of PREANSA Perú is: Prefabricados Andinos Colombia S.A.S.
- (vi) The subsidiaries and other affiliated companies have as their main domicile where they carry out their activities, the country where they are incorporated.

### **3. Summary of significant accounting policies**

#### **A. Basis of preparation and presentation**

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), effective as of December 31, 2022, and 2021.

The consolidated financial statements have been prepared on a historical cost basis, excluding hedging instruments, retirement and termination benefits and dividends receivable that are measured at fair value. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The interim consolidated financial statements provide comparative information for earlier periods, however,

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does not include all information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the consolidated audited report as of and for the year ended on December 31, 2021.

The Group prepared the consolidated financial statements on a going concern basis. In making its assessment, management considers events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. The Group's Management has considered all future available information obtained after the reporting date up to the date of approval and issuance of the consolidated financial statements.

**B. Basis of consolidation**

The interim consolidated financial statements include the financial statements of the Company and its subsidiaries as of December 31, 2022, and 2021.

The control criteria that the Group takes into account are described in the notes to the annual consolidated financial statements as of December 31, 2021.

**C. Significant accounting policies**

The accounting policies adopted in the preparation of these interim consolidated financial statements are consistent with the policies considered in the preparation of the audited consolidated financial statements as of December 31, 2021.

**4. Standards issued but not yet effective**

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

**5. Cash and Cash Equivalents**

This item is made up as follows:

<i>In thousands of soles</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Checking and savings accounts (a)	239,654	245,201
Term deposits (b)	93,614	153,159
Petty cash fund	1,577	1,395
	<b>334,845</b>	<b>399,755</b>

- (a) Current accounts are denominated in local and foreign currency, deposited in local and foreign banks with a high credit rating and are freely available. These deposits earn interest at market rates.
- (b) Correspond to term deposits held in local and foreign financial entities, mainly in local and foreign currency, which accrue interest at market rates and have original maturities of less than three months.

## 6. Trade and other Accounts Receivable, Net

This item is made up as follows:

<i>In thousands of soles</i>	Note	Current		Non-current	
		As of December 31, 2022	As of December 31, 2021	As of December 31, 2022	As of December 31, 2021
<b>Trades:</b>					
Receivable invoices and letters (a)		608,643	513,329	19,030	18,574
Provision of bills receivable		74,032	36,095	-	-
		<b>682,675</b>	<b>549,424</b>	<b>19,030</b>	<b>18,574</b>
<b>Related:</b>					
Accounts receivable from related parties	21(b)	39,191	31,500	-	-
<b>Various:</b>					
Advances to suppliers		18,642	23,039	-	2,292
Claims to Tax Administration (b)		17,835	8,155	72,088	73,632
Staff loans		9,949	7,680	-	8,176
Claims to third parties		5,195	7,437	2,800	-
Hedging instruments	24.A.i	-	-	4,063	1,422
Other accounts receivable		18,047	18,508	3,110	2,919
		<b>69,668</b>	<b>64,819</b>	<b>82,061</b>	<b>88,441</b>
<b>Taxes</b>					
Payments on account of tax on Profits		33,596	14,109	-	-
Tax credit for general tax on Sales		39,490	28,068	1,184	819
		<b>73,086</b>	<b>42,177</b>	<b>1,184</b>	<b>819</b>
		<b>864,620</b>	<b>687,920</b>	<b>102,275</b>	<b>107,834</b>
Less – Expected credit loss (c)		(30,291)	(26,273)	(19,030)	(18,574)
		<b>834,329</b>	<b>661,647</b>	<b>83,245</b>	<b>89,260</b>

- (a) Trade receivables are mainly denominated in local and foreign currency, have current maturities, and do not earn interest. The bills receivable has a current maturity and accrue interest calculated at prevailing market rates.
- (b) As of December 31, 2022, and 2021, the balance corresponds to claims submitted to the Tax Administration mainly related to mining royalties, fines for payments on account, claims for payment of interest, among others, see note 23.D.

In the Group's Management opinion and its legal advisors, it is estimated that there are sufficient legal arguments to obtain the favorable recovery of the claims classified in the short and long term.

- (c) In the Group's Management opinion, the estimate of expected credit loss adequately covers the risk of uncollectibility as of December 31, 2022, and 2021.
- (d) As of December 31, 2022, and 2021, the Group evaluated the exposure to credit risk in trade accounts receivable, see note 24.B.

## 7. Inventories, Net

This item is made up as follows:

<i>In thousands of soles</i>	As of December 31, 2022	As of December 31, 2021
Replacement parts and supplies	298,151	244,886
Raw materials and auxiliary materials	236,334	176,413
Work-in-progress	217,903	202,151
Packaging	64,304	25,557
Finished goods	55,693	38,958
Goods in transit	10,126	3,583
	<b>882,511</b>	<b>691,548</b>
Provision for inventory obsolescence (a)	(30,866)	(27,220)
	<b>851,645</b>	<b>664,328</b>

- (a) In the Group's Management opinion, the estimate for inventory impairment reasonably covers the risk of impairment as of December 31, 2022, and 2021.

## 8. Right-of-use Assets and Lease Liabilities, Net

- (a) Movement in the right-of-use assets is as follows:

<i>In thousands of soles</i>	Note	As of December 31, 2022	As of December 31, 2021
<b>Cost</b>			
<b>Initial balance</b>		<b>60,737</b>	<b>46,732</b>
Additions		8,145	10,484
Acquisition of subsidiaries	1 B.	-	10,854
Withdrawals and others		(4,767)	(6,928)
Effects of translation		(1,561)	(405)
<b>Final Balance</b>		<b>62,554</b>	<b>60,737</b>
<b>Accumulated depreciation</b>			
<b>Initial balance</b>		<b>36,480</b>	<b>24,173</b>
Depreciation of the period (c)		9,886	11,773
Acquisition of subsidiaries	1 B.	-	5,000
Withdrawals and others		(4,602)	(4,224)
Effects of translation		(850)	(242)
<b>Final balance</b>		<b>40,914</b>	<b>36,480</b>
<b>Net carrying amount</b>		<b>21,640</b>	<b>24,257</b>

- (b) The movement of lease liabilities for the following periods is detailed below:

<i>In thousands of soles</i>	Note	As of December 31, 2022	As of December 31, 2021
<b>Initial balance</b>		<b>24,840</b>	<b>22,978</b>
Additions		8,132	10,805
Acquisition of subsidiaries	1.B	-	6,005
Lease payments		(11,016)	(15,876)
Others		483	687
Difference in exchange rate		(194)	241
<b>Final balance</b>		<b>22,245</b>	<b>24,840</b>
<b>Classification according to maturity</b>			
Current		8,024	8,345
Non-current		14,221	16,495
		<b>22,245</b>	<b>24,840</b>

- (c) The depreciation charge for the year has been recorded in the following items of the consolidated statement of income:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Sales cost	17	9,178	11,097
Administration expenses	18	673	637
Selling expenses		35	39
		<b>9,886</b>	<b>11,773</b>

- (d) As of December 31, 2022, and 2021, the Group only has fixed-payment lease contracts.

## **9. Mining Concessions and Property, Plant and Equipment, Net**

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Cost</b>			
<b>Initial balance</b>		<b>12,047,399</b>	<b>11,254,652</b>
Additions (b)		529,531	433,965
Acquisition of subsidiaries(c)	1 B.	7,458	151,773
Withdrawals, sales, and others		(113,742)	(59,273)
Effects of translation		(168,237)	266,282
<b>Final Balance</b>		<b>12,302,409</b>	<b>12,047,399</b>
<b>Accumulated depreciation</b>			
<b>Initial balance</b>		<b>4,544,542</b>	<b>3,983,030</b>
Depreciation of the period (e)		448,002	453,128
Acquisition of subsidiaries(c)	1 B.	-	57,214
Withdrawals and others		(103,002)	(44,686)
Effects of translation		(60,516)	95,856
<b>Final balance</b>		<b>4,829,026</b>	<b>4,544,542</b>
<b>Net carrying amount</b>		<b>7,473,383</b>	<b>7,502,857</b>

- (a) As of December 31, 2022, the book value of the assets acquired through lease and finance leaseback contracts amounts to approximately S/ 135,686,000 (S/ 102,397,000 as of December 31, 2021). Leased assets guarantee finance lease liabilities, see note 12.A(b).

- (b) The additions during the year 2022 correspond mainly to:

- i. Additions of UNACEM Peru subsidiary for projects to expand packaging and dispatch capacity in both plants, optimization of the clinker cooler and dust removal from the kiln 3 at the Condorcocha plant, as well as the following projects at Atocongo plant: structural reinforcement and improvement of the unloading system, improvements to cement mills and primary crusher; the mentioned projects amount to a total of approximately S/ 80,449,000.
- ii. Additions of Drake Cement subsidiary for a comprehensive mill project and improvements to the crude mill and mechanical workshop for approximately US\$ 21,590,000 (equivalent to S/82,214,000).
- iii. Additions of Sunshine Concrete & Materials Inc subsidiary for the acquisition of equipment to produce aggregates for approximately US\$ 8,408,000 (equivalent to S/ 32,018,000).
- iv. Additions of works in progress of the UNACEM Ecuador subsidiary for projects of reducer of



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cement mill 2, increase of production capacity of Kiln 1, conditioning of biomass for increase of fuel, frequency converter for Kiln 1 and multiguel project (phase 2) for approximately US\$ 6,698,000 (equivalent to S/25,507,000).

- v. Additions of PREANSA Chile subsidiary for a mobile plant project for the construction of an industrial bridge for approximately S/ 9,848,000.
- vi. Additions of the subsidiary UNICON Peru for: i) acquisitions of mixer trucks for approximately S/ 17,270,000, ii) front loaders for approximately S/ 2,027,000 and iii) Works in progress for repair of trucks for approximately S/ 5,283,000 and repair and activation of mixing plants for approximately S/ 1,526,000.
- vii. UNICON Chile subsidiary additions for acquisitions of mixer trucks, front loaders, and crane for approximately S/4,731,000 and truck overhaul for approximately S/6,438,000.
- viii. Subsidiary additions of Concremax for truck overhauls and plant assembly for approximately S/ 9,559,000.

The additions during the year 2021 correspond mainly to:

- i. Projects of the dedusting of the cooler system, migration of the control system and modernization of the Cenit and Pillard system, carried out to kiln 2; In addition, the modernization of the substations in the Carpapata 1 and 2 hydroelectric power station, and conditioning in the kiln 1, corresponding to the Condorcocha plant. Likewise, disbursements made for the shell change projects of the cement mill, structural reinforcement, and modification of chamber No. 1 of the multisilo, improvement in the electronic system of inverters of rotary kiln 1, corresponding to the Atocongo plant for a total of approximately S/ 74,415,000.
  - ii. Drake Cement Subsidiary Additions for New Warehouse Construction Projects, Integrated Mill Project, and Improvements to Raw Mill for approximately US\$7,407,000 (Equivalent to S/29,444,000).
  - iii. Additions of Desert Ready Mix subsidiary for: i) acquisition of machinery and equipment for approximately US\$ 1,438,000 (equivalent to S/ 5,718,000) and ii) acquisition of mixer trucks and other transport units for approximately US\$ 8,274,000 (equivalent to S/ 32,889,000).
  - iv. Additions of Desert Aggregates subsidiary for the acquisition of machinery, equipment, and truck loaders for approximately US\$ 598,000 (equivalent to S/ 2,375,000).
  - v. Additions of works in progress of UNACEM Ecuador subsidiary for Biomass conditioning project to increase Fuel for approximately US\$ 797,000 (equivalent to S/ 3,169,000).
  - vi. Additions of UNICON Peru subsidiary for i) acquisitions of front-end loaders for approximately S/5,714,000, ii) acquisitions of mixer trucks for S/ 4,996,000, iii) work in progress for truck repairs for approximately S/ 6,711,000 and iv) work in progress for repairs and enabling of mixing plants for approximately S/ 2,751,000.
  - vii. Additions of Concremax subsidiary i) plant construction project for the new dry mixture of bagged for approximately S/ 8,849,000 and ii) overhaul of trucks and machinery and equipment for approximately S/ 5,222,000.
  - viii. Additions of CELEPSA subsidiary for the acquisition of the Andritz runners for S/ 2,197,000.
- (c) During the year 2022, they correspond to assets from CONOVIA (from UNACEM Chile and MEL 20 during the year 2021).

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- (d) In 2022, it mainly includes the write-offs of assets made by: i) the DRM subsidiary for sales of drum mixers and concrete mixers, whose cost and accumulated depreciation amounted approximately to US\$5,552,000 and US\$4,712,000 (equivalent to S/21,142,000 and S/17,945,000), ii) the DA subsidiary for sales of machinery and equipment, whose cost and accumulated depreciation amounted approximately to US\$14,369,000 and US\$12,324,000 (equivalent to S/54,715,000 and S/46,930,000) and iii) the UNICON Perú subsidiary for sales of mixer trucks and front loaders, whose cost and accumulated depreciation amounted approximately to S/6,396,000 and S/6,327,000.

In 2021, it mainly includes write-offs of assets made by: i) UNICON Peru subsidiary for sales of mixer trucks and front-end loaders, whose cost and accumulated depreciation amounted to approximately S/14,883,000 and S/ 14,777,000 and ii) the DRM subsidiary for sales of mixer trucks, whose cost and accumulated depreciation amounted to approximately S/ 24,070,000 and S/ 23,168,000.

- (e) Depreciation has been distributed as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Sales cost	17	430,305	432,496
Administration expenses	18	14,849	14,561
Selling expenses		746	121
Other expenses		2,102	4,749
Inventories		-	1,201
		<b>448,002</b>	<b>453,128</b>

- (f) During the year 2022, interest was capitalized for approximately S/ 3,157,000 (S/ 4,348,000 during 2021). The amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the outlays on that asset. As of December 31, 2021, the rate used to determine the amount of capitalizable financing costs was approximately 3.88% (4.1% as of December 31, 2021).
- (g) Skanon Investments Inc. subsidiary has security agreements on plants, transport units and equipment located in the United States, which guarantee loans, see note 12.A(b).

On the other hand, the subsidiary UNICON Peru maintains a mortgage on the Ancieta and Villa El Salvador plants for up to S/ 152,320,000 (equivalent to US\$ 40,000,000), with Scotiabank Peru to guarantee the loan obtained from this entity, see note 12.A(b).

Likewise, the subsidiary UNACEM Chile maintains a mortgage on the "San Juan" plant, for approximately US\$ 23,000,000, with the Bank of Credit and Investments of Chile (BCI) to guarantee the loan obtained with this entity, see note 12.A(b).

- (h) The Group maintains valid insurance policies on its main assets, in accordance with the policies established by the Group Management. In the opinion of the Group Management, its insurance policies are consistent with international industry practice.
- (i) In Management's opinion, the Group has insurance policies that sufficiently cover all its fixed assets.

## 10. Intangible Assets, Net

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Cost</b>			
<b>Initial balance</b>		<b>373,566</b>	<b>352,303</b>
Additions		22,532	8,310
Withdrawals and others		370	(2,328)
Effects of translation		(7,853)	15,281
<b>Final Balance</b>		<b>388,615</b>	<b>373,566</b>
<b>Accumulated amortization</b>			
<b>Initial balance</b>		<b>147,475</b>	<b>132,744</b>
Amortization of the period (a)		12,345	14,053
Withdrawals and others		-	265
Effects of translation		(394)	413
<b>Final balance</b>		<b>159,426</b>	<b>147,475</b>
<b>Net carrying amount</b>		<b>229,189</b>	<b>226,091</b>

(a) The amortization of intangibles has been distributed as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Administration expenses	18	6,442	3,517
Sales cost	17	3,522	3,792
Selling expenses		2,287	3,669
Other expenses		94	3,075
		<b>12,345</b>	<b>14,053</b>

## 11. Goodwill

As of December 31, 2022, and 2021, the balance of goodwill is mainly composed of the higher amount paid for the acquisition of UNACEM Ecuador, which amounts to S/1,023,795,000.

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**12. Other Financial Liabilities**

This item is made up as follows:

<i>In thousands of soles</i>	<i>Note</i>	As of December 31, 2022			As of December 31, 2021		
		Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Bonds and bank loans	12.A	657,977	2,629,349	3,287,326	360,721	3,227,779	3,588,500
Promissory notes (a) & (b)		409,991	-	409,991	315,546	-	315,546
Overdrafts (c)		38,561	-	38,561	23,988	-	23,988
		<b>1,106,529</b>	<b>2,629,349</b>	<b>3,735,878</b>	<b>700,255</b>	<b>3,227,779</b>	<b>3,928,034</b>

- (a) Bank drafts mainly correspond to financing for working capital with fixed interest rates in dollars ranging from 3.42 to 6.42 percent annually and in soles to 6.66 percent annually, they do not have specific guarantees and are renewed depending on the Group's working capital needs. As of December 31, 2022, and 2021, the balance by bank is made up as follows:

<i>In thousands of soles</i>	Original currency	Maturity date	2022	2021
<b>Financial entities</b>				
Banco de Crédito del Perú	S/ & US\$	Between April and June 2023	238,091	315,546
Banco Internacional del Perú S.A.A.	US\$	November 2023	171,900	-
			<b>409,991</b>	<b>315,546</b>

- (b) As of December 31, 2022, and 2021, the interest payable on bank notes amounted to approximately S/ 9,389,000 and S/ 389,000, respectively and are recorded under the caption "Trade and Other Payables" in the consolidated statement of financial position, see Note 13. As of December 31, 2022, and 2021, interest expenses amounted to approximately S/ 14,854,000 and S/ 1,938,000, respectively and are included in the caption "Borrowing cost" of the consolidated statement of income, see note 20.
- (c) As of December 31, 2022, and 2021, overdrafts correspond mainly to obligations of Skanon and subsidiaries with different financial entities in US dollars for a total of US\$ 10,000,000 (equivalent to S/ 38,200,000) and US\$ 6,000,000 (equivalent to S/ 23,988,000), respectively.

**A. Bonds and Bank Loans**

This caption comprises long-term bonds and debts with banking entities, which do not have associated guarantees:

<i>In thousands of soles</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Corporate bonds (a)	448,944	467,533
Bank loans (b)	2,838,382	3,120,967
<b>Total</b>	<b>3,287,326</b>	<b>3,588,500</b>
Less: Current portion	657,977	360,721
Non-current portion	2,629,349	3,227,779

(a) As of December 31, 2022, and 2021, the balance of corporate bonds are as follows:

<i>In thousands of soles</i>	<b>Effective annual interest rate %</b>	<b>Maturity date</b>	<b>2022</b>	<b>2021</b>
<b>Bonds</b>				
Bonds of Arizona (i)	Between 1.6 and 1.95 + variable interest rate	September 2035	439,300	459,770
Corporate bonds of Peru	5.16	March 2023	18,815	18,815
			<b>458,115</b>	<b>478,585</b>
Amortized cost			(9,171)	(11,052)
			<b>448,944</b>	<b>467,533</b>

(i) On November 18, 2010, Drake Cement LLC obtained financing through the issuance of bonds by the Yavapai County Development Authority, Arizona, United States of America, with the purpose of financing part of the investment in the cement plant of said subsidiary up to an amount of US\$ 40,000,000 with maturity in September 2035 and a monthly interest payment based on a variable interest rate (Securities Industry and Financial Markets Association Index rate) plus 1.6 %, versus a maximum interest rate of 12 %. The bonds are guaranteed by a letter of credit, see note 23.A(ii).

Additionally, on July 30th, 2015, Drake Cement, LCC issued a new bond with the purpose of refinancing loans for the construction of the cement plant, acquisition of assets, materials, and installations up to US\$ 75,000,000 with a maturity date in September 2035 and a monthly interest payment based on a variable interest rate (Securities Industry and Financial Markets Association Index rate) plus 1.95%, versus a maximum interest rate of 12%. The bonds are guaranteed by a letter of credit, see note 23.A(ii).

The bonds have the following conditions:

- The Drake Cement subsidiary cannot increase its debt, beyond the outstanding balance of US\$5,000,000 at the time of bond issuance, excluding refinancing.
- Maintain an interest coverage ratio of more than or equal to 1.0 time.

In the opinion of Management, Drake Cement has been complying with the restrictive consideration and financial covenant required by the state of Yavapai as of December 31, 2022, and 2021.

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(b) The balance of bank loans are as follows:

<i>In thousands of soles</i>	<b>Maturity date</b>	<b>Original amount</b>	<b>Currency</b>	<b>Use of funds</b>	<b>Collateral</b>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Bank loans</b>							
	October 2024, March 2025 and						
Scotiabank del Perú	January 2027	671,547	S/	Refinancing of financial liabilities	No collateral	625,916	671,547
BBVA Perú	January 2027	533,357	S/	Refinancing of financial liabilities	No collateral	522,690	533,357
Banco de Crédito del Perú	October 2026	502,500	S/	Redemption – overseas	No collateral	502,500	502,500
Banco Internacional del Perú	January 2027	228,385	S/	Refinancing of financial liabilities	No collateral	223,817	228,385
Citibank N.A. (i)	October 2025	50,000	US\$	Refinancing of financial liabilities	No collateral	152,800	199,900
Santander S.A.	April 2023	35,000	US\$	Working capital and investments	No collateral	133,700	139,930
Banco de Crédito del Perú (12.A.c. (iii))	March 2027	34,000	US\$	Refinancing of financial liabilities	No collateral	110,398	135,932
Banco Internacional del Perú	May 2027	26,900	US\$	Refinancing of financial liabilities	No collateral	97,620	-
Banco de Crédito e Inversiones (Chile)	June 2024	-	CLP	-	Real estate collateral, see note 9(g)	74,851	79,192
Bank of Nova Scotia (i)	September 2025	30,000	US\$	Partial redemption – overseas	No collateral	63,030	89,955
Scotiabank del Perú	April 2025	72,000	S/	Acquisition loan to purchase UNICON Chile	Real estate collateral, see note 9(g)	36,000	50,400
BBVA Perú	December 2024	28,773	S/	-	No collateral	21,449	28,773
Citibank N.A. (New York)	July 2024	-	US\$	-	No collateral	19,261	27,487
Banco Scotiabank (Chile) (i)	January 2023	4,000	US\$	-	Letter of credit, see note 23.A) (i)	15,215	15,887
BBVA Banco Continental (i)	December 2024	-	COP	-	Letter of credit, see note 23.A) (i)	9,767	11,857
Banco Internacional del Perú (ii)	Between March 2023 and September 2023	34,387	S/	Working capital	Reactiva Peru program	2,406	17,379
Santander S.A. (i)	-	45,000	US\$	Refinancing of financial liabilities	No collateral	-	179,910
Less than S/ 10,000,000	-	-	-	-	-	48,177	65,776
						<b>2,659,597</b>	<b>2,978,167</b>
Amortized cost						(6,796)	(10,577)
<b>Total</b>						<b>2,652,801</b>	<b>2,967,590</b>
<b>Sale and leaseback transactions</b>							
Scotiabank (Chile)	March 2024	-	CLP	Leased assets	-	1,347	2,283
						<b>1,347</b>	<b>2,283</b>
<b>Finance leases</b>							
Consorcio Transmataro S.A. (Perú)	July 2039	-	US\$	Leased assets	-	57,627	60,920
Bok Financial Corporation	Between December 2025 and December 2027	-	US\$	Leased assets	-	30,258	24,445
Bank of América	December 2027	-	US\$	Leased assets	-	30,070	-
Scotiabank del Perú	Between November 2023 and May 2025	-	-	Leased assets	-	17,745	25,549
Less than S/ 10,000,000						38,996	34,061
						<b>174,696</b>	<b>144,975</b>
<b>Debt factoring</b>							
						<b>9,538</b>	<b>6,119</b>
<b>Total</b>						<b>2,838,382</b>	<b>3,120,967</b>

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- (i) The Group entered swap contracts to reduce the risk of the variable interest rate related to these loans, see note 24.A.i.
  - (ii) As of December 31, 2022, and 2021, the Group maintains a balance of long-term loans of approximately S/2,406,000 and S/17,379,000 respectively with various local Peruvian entities, through the Reactiva Perú Program created through Legislative Decree No. 1457 with the purpose of providing a quick and effective response to liquidity needs due to the impact of COVID-19. As of December 31, 2022, such loans accrue interest between 0.98 percent to 1.18 percent annually, mature between March 2023 and September 2023 and include a grace period of 12 months (between 0.79 percent to 1.18 percent annually, mature between March 2023 and September 2023 and include a grace period of 12 months as of December 31, 2021).
- (c) The financial covenants applicable to local financial liabilities are quarterly, semi-annually, and annually reviewable and must be calculated on the basis of the separate and/or consolidated financial information of the Company and its subsidiaries and the calculation methodologies required by each financial entity.
- (i) As of December 31, 2022, the main covenants calculated based on the separate financial statements are the following:

***UNACEM Corp S.A.A.***

- Maintain a debt-to-equity ratio of less than or equal to 1.5 times.
- Maintain a debt-service coverage ratio of more than or equal to 1.2 times.
- Maintain a net debt-to-EBITDA ratio of less than or equal to 4.0 for the year 2022, and 3.75 for the year 2023 onwards.

***UNACEM Perú S.A.***

- Maintain a debt-to-equity ratio of less than or equal to 1.5 times.
- Maintain a debt service coverage ratio greater or equal to 1.2 times.
- Maintain an interest coverage ratio of at least 3.0 times.
- Maintain a net debt-to-EBITDA ratio of less than 3.5 times.

***UNACEM Ecuador S.A.***

- Maintain a debt-service coverage ratio of more than or equal to 1 time.
- Maintain a net debt-to-EBITDA ratio of less than or equal to 3.75 times.

***Unión de Concreteras S.A.***

- Maintain debt service coverage ratio greater or equal to 1.2 times.
- Maintain a net debt-to-EBITDA ratio of less than or equal to 2.5 times.

***Concremax S.A.***

- Maintain a debt service coverage ratio greater or equal to 1.25 times.
- Maintain a net debt-to-EBITDA ratio of less than or equal to 2.5 times.

***UNACEM Chile S.A.***

- Maintain a debt service coverage ratio greater or equal to 3.5 times.
- Maintain a debt-to-equity ratio of less than or equal to 1.35 times.
- Maintain a net debt-to-EBITDA ratio of less than or equal to 6.5 times.

***UNICON Chile S.A.***

- Maintain a debt-service coverage ratio of more than or equal to 1.0 time.
- Maintain a debt-to-equity ratio of less than or equal to 1.8 times.
- Maintain a net debt-to-EBITDA ratio of less than or equal to 3.5 times.

***Prefabricados Andinos Perú S.A. (valid until December 31, 2021)***

- Maintain a leverage ratio of no more than 1 time.
- Maintain a debt-to-income ratio of no more than 2.5 times.
- Maintain a debt service coverage ratio of no less than 1 time.

***Compañía Eléctrica el Platanal S.A.***

- Maintain a leverage ratio of less than or equal to 3.0 times.
- Maintain a debt service coverage ratio greater or equal to 1.2 times.

- (ii) As of December 31, 2022, the main covenants calculated based on the consolidated financial statements are the following:

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

- Maintain a leverage ratio of less than or equal to 1.5 times.
- Maintain a service coverage index of more than 1.10 times for the year 2021 and 1.20 times from the year 2022 onwards.
- Maintain a debt to EBITDA ratio below or equal to 4.75 times for 2021, 4.0 times for 2022 and 3.75 times from 2023 onwards.

***Skanon Investments Inc. and Subsidiaries***

- Maintain a debt-to-equity ratio of less than or equal to 1 time.

In the opinion of the Group Management, the Company and subsidiaries have fulfilled the financial covenants as of December 31, 2022, except for UNICON Chile, whose obligation is presented in the short term for the amount of S/2,064,000 and UNACEM Chile, who obtained duly approved and granted dispensation by the creditor bank. As of December 31, 2021, the Company and subsidiaries have complied with the financial covenants, except of UNICON Chile and PREANSA Peru, whose obligation is presented in the short term for S/ 6,473,000 and S/ 984,000, respectively. These breaches have no effect on the other obligations of the Company and its Subsidiaries.

- (d) As of December 31, 2022, and 2021, interest payable on medium- and long-term bonds and debt amounted to approximately S/ 20,486,000 and S/ 19,435,000, respectively. It is recognized in 'trade and other accounts receivable' in the consolidated statement of financial position, see note 13.

The interest on bonds and bank loans as of December 31, 2022, and 2021, amounted to approximately S/ 156,075 and S/ 168,292,000, respectively. It is recognized in "Borrowing cost" in the consolidated statement of profit or loss, see note 20.

- (e) As of December 31, 2022, the Group has bank loans in local currency (soles) at effective annual interest rates ranging from 2.26% to 7.91%. Bank loans in foreign currency (U.S. dollars) are at a variable interest rate (3-month LIBOR and 1-month LIBOR plus a margin) ranging from 1.22% to 2.60% and a fixed interest rate ranging from 0.85% to 12%.

As of December 31, 2021, the Group has bank loans in local currency (soles) at effective annual interest rates ranging from 2.52% to 8.06%. Bank loans in foreign currency (U.S. dollars) are at a variable interest



rate (3-month LIBOR and 1-month LIBOR plus a margin) ranging from 1.22% to 2.60% and a fixed interest rate ranging from 0.85% to 12%.

### 13. Trade and Other Accounts Payable

This item is made up as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Trade accounts payable (a)		677,093	556,438
Compensation and holidays payable		74,884	56,101
Customer advances		63,531	41,398
Interest payable	<i>12(b) &amp; 12.A(d)</i>	29,875	19,824
Accounts payable to related parties	<i>21(b)</i>	28,812	19,583
Taxes, social security contributions payable		22,446	25,381
Accounts payable from acquisition of property, plant, and equipment		17,086	22,746
Payment of dividends	<i>15(f)</i>	15,801	87,846
Community commitments		15,746	16,855
Loans payable to third parties		8,859	9,356
Compensation to Board of Directors		8,090	6,439
Sales tax payable		7,411	11,977
Account payable for purchase of minority shares	<i>23.A(iv)</i>	6,208	-
Interest on financial instruments payable		144	2,474
Other accounts payable		27,580	19,100
		<b>1,003,566</b>	<b>895,518</b>
<b>Classification by maturity:</b>			
Current		975,032	857,568
Non-current		28,534	37,950
		<b>1,003,566</b>	<b>895,518</b>

- (a) Trade accounts payable arise mainly from the acquisition of goods and services intended for the development of the Group's operations and correspond to invoices payable to local and foreign suppliers. They have current maturities, do not generate interest and have not been granted collaterals for these obligations.

Unión de Concreteras S.A. and Concremax S.A. offer suppliers a payment plan for invoices through financial entities. This plan allows suppliers to sell their accounts receivable to financial entities, according to an agreement between a supplier and a financial entity. Such agreement enables suppliers to improve cash flow management and the Group to reduce payment processing costs. Such subsidiaries do not have direct financial interest on these transactions.

The obligations to suppliers, including accounts payable, remain in place according to contractual terms. As of December 31, 2022, and 2021, accounts payable amount to S/ 108,570,000 and S/96,271,000, respectively.

#### 14. Income Tax

Movement in the deferred tax liabilities is as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Deferred tax assets</b>			
<b>Initial balance</b>		<b>387,786</b>	<b>358,170</b>
Effects on consolidated statement of profit or loss (a)		14,915	14,979
Debit to other comprehensive income		(5,677)	(6,018)
Acquisition of subsidiaries	1 B.	-	3,016
Others		6,685	(49)
Effects of translation		(11,006)	17,688
<b>Final Balance</b>		<b>392,703</b>	<b>387,786</b>
<b>Deferred tax assets</b>			
<b>Initial balance</b>		<b>(776,005)</b>	<b>(775,928)</b>
Effects on consolidated statement of profit or loss (a)		7,114	22,988
Acquisition of subsidiaries	1 B.	(889)	(13,659)
Others		(6,679)	-
Effects of translation		6,031	(9,406)
<b>Final balance</b>		<b>(770,428)</b>	<b>(776,005)</b>
<b>Total deferred tax assets, net</b>		<b>(377,725)</b>	<b>(388,219)</b>

- (a) Expenses for the provision for income tax presented in the consolidated statement of profit or loss are as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Current		(305,940)	(250,196)
Deferred tax		22,029	37,967
Others		(5,209)	(4,116)
		<b>(289,120)</b>	<b>(216,345)</b>

## 15. Net equity

### A. Issued capital.

As of December 31, 2022, and 2021, the subscribed and paid-in capital is represented by 1,818,127,611 ordinary shares at a face value of S/ 1 each. The Company's ordinary shares are listed in the Lima Stock Exchange.

	As of December 31, 2022	
	Number of shares	Interests (%)
<b>Shareholders</b>		
Inversiones JRPR S.A. (*)	483,489,609	26.59
Nuevas Inversiones S.A.	459,129,497	25.25
AFP's	470,622,191	25.89
Others	404,886,314	22.27
	<b>1,818,127,611</b>	<b>100.00</b>

(\*) On September 27, 2022, the Company informed the Securities Market Superintendence (SMV) of the merger by absorption of Inversiones JRPR S.A. (absorbent) and Catli Investments S.A.C. (absorbed), said merger became effective on the same date. With this merger, the direct participation of Inversiones JRPR S.A. in the property of UNACEM Corp it went from 25.12% to 26.59%. It is worth mentioning that this merger does not imply changes in the control or indirect ownership of Inversiones JRPR S.A. the Company.

	As of December 31, 2021	
	Number of shares	Interests (%)
<b>Shareholders</b>		
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
	<b>1,818,127,611</b>	<b>100.00</b>

As of December 31, 2022, the share price of each ordinary share was S/ 1.80 (S/ 2.40 as of December 31, 2021).

### B. Additional capital

It corresponds to changes in the capital increase made in the year 2019 due to the merger of the Company with Sindicato de Inversiones y Administración S.A., Inversiones Andino S.A. and Inmobiliaria Pronto S.A. and equity.

### C. Treasury shares

The Board of Directors' Meeting, held on August 20, 2021, approved the purchase of shares for up to S/ 36,400,000, without exceeding 2% of issued shares the same that was extended in Board meetings of December 22, 2021, and June 28, 2022, December 22, 2022 extending the term to purchase shares until June 30, 2023. The shares are held in the portfolio for a maximum period of two years. Where they are held in the portfolio, rights inherent to the shares are suspended. The term may be extended and/or modified by the Company's Board of Directors.

As of December 31, 2022, the Company holds 12,967,000 treasury shares equivalent to S/ 23,530,000 (7,293,000 treasury shares equivalent to S/ 11,610,000, as of December 31, 2021).

### D. Legal reserve

According to the Companies Act, the Group shall allocate not less than 10% of its profits distributed in each period, less income tax. This allocation is required until such reserve equals 20% of capital. The legal reserve may be used to offset losses, but it shall be restored. As of December 31, 2022, and 2021, the legal reserve reached a maximum of 20% of the issued capital.

### E. Unrealized gains and losses

It corresponds to the changes in the fair value, net of its tax effect, of the hedging financial instruments, see note 24.A.i. and the employer retirement and severance benefits.

**F. Dividend distribution**

This caption comprises the following information of the years 2022 and 2021:

**2022 dividends**

<i>In thousands of soles</i>	<b>Dividends declared, and paid</b>	<b>Date of payment</b>	<b>Dividends per ordinary share</b>
<b>Date of Board of Directors' Meeting</b>			
January 26th, 2022	36,194	28.01.2022	0.020
April 27, 2022	54,202	30.05.2022	0.030
July 26, 2022	36,111	31.08.2022	0.020
October 26, 2022	36,103	29.11.2022	0.020
	<b>162,610</b>		

**2021 dividends**

<i>In thousands of soles</i>	<b>Dividends declared, and paid</b>	<b>Date of payment</b>	<b>Dividends per ordinary share</b>
<b>Date of Board of Directors' Meeting</b>			
February 24, 2021	23,636	30.03.2021	0.013
April 23rd, 2021	23,636	12.05.2021	0.013
June 21, 2021	36,362	23.07.2021	0.020
October 27, 2021	36,362	30.11.2021	0.020
December 14, 2021 (*)	72,449	18.01.2022	0.040
	<b>192,445</b>		

(\*) It was approved at the General Shareholders' Meeting of the Company, held on December 14, 2021.

The General Shareholders' Meeting, held on December 14, 2021, agreed to replace the dividend policy approved by the Annual General Meeting of March 31, 2015, with a new dividend policy, consisting of the distribution, from this agreement onwards, of quarterly cash dividends in soles or U.S. dollars, within a range of US\$0.005 and US\$0.010 per share issued by the Company, charged to the accumulated profits, starting with the oldest and ending with the latest.

In 2022, the subsidiaries Desert Ready Mix, Desert Agreggates, CELEPSA, UNACEM Ecuador, and Inveco distributed dividends to their non-controlling shareholders for approximately S/ 42,218,000, S/ 14,033,000, S/ 1,948,000, S/ 708,000, and S/ 220,000, respectively. In 2021, UNACEM Ecuador subsidiaries, Entrepisos, Inveco, Ambiental Andina distributed dividends to their non-controlling shareholders for approximately S/286,000, S/2,536,000, S/ 3,990,000 and S/206,000, respectively.

As of December 31, 2022, the Group maintains a balance pending payment of dividends for approximately S/15,801,000 (S/ 87,846,000 as of December 31, 2021), see note 13.

**G. Gains or losses on translation**

It corresponds to the exchange differences arising on translating foreign currency of subsidiaries into the Group's presentation currency.

In 2021 and 2022, the effects of exchange differences attributable to non-controlling interests recognized in the consolidated statement of comprehensive income resulted in gains and losses for approximately S/87,019,000 and S/ 142,277,000, respectively.

**H. Unpaid dividends**

It corresponds to prior year dividends distributed to certain shareholders of the subsidiaries, which have not been paid in more than three years.

## 16. Net Sales

This item is made up as follows:

<i>In thousands of soles</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Operating segments</b>		
Cement	3,350,673	2,940,125
Concrete	2,310,954	1,908,371
Power and energy	298,949	199,631
Other services	18,267	18,042
	<b>5,978,843</b>	<b>5,066,169</b>
<b>Timing of transfer of goods or services</b>		
Goods transferred at a point in time	5,564,961	4,753,146
Services transferred at a point in time	413,882	313,023
	<b>5,978,843</b>	<b>5,066,169</b>

## 17. Cost of Sales

This item is made up as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Beginning inventory of finished goods and work-in-progress	7	241,109	193,421
<b>Production costs</b>			
Use of raw materials		1,031,706	847,692
Fuel		739,815	562,549
Personnel expenses		678,513	615,135
Depreciation	9(e)	430,305	432,496
Maintenance costs		318,481	294,329
Transport costs and import duties		224,639	180,956
Electric power		267,443	146,860
Use of packaging		144,954	110,858
Site preparation (quarries)		10,052	11,028
Depreciation of right-of-use assets	8(c)	9,178	11,097
Depreciation of stripping activity assets		6,667	7,144
Provision for inventory obsolescence		6,133	4,174
Amortization	10(a)	3,522	3,792
Acquisition of subsidiaries	1.B	-	10,345
Other production costs		511,311	368,238
Ending inventory of finished goods and work-in-progress	7	(273,596)	(241,109)
		<b>4,350,232</b>	<b>3,559,005</b>

## 18. Administrative Expenses

This item is made up as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Personnel expenses		219,777	169,030
Third-party services		90,673	78,556
Wide range of Load management		26,904	16,704
Donations		17,500	21,717
Taxes		16,325	13,636
Depreciation	9(e)	14,849	14,561
Amortization	10(a)	6,442	3,517
Estimate for expected credit loss		4,240	1,584
Depreciation of right-of-use assets	8(c)	673	637
Others		4,239	5,226
		<b>401,622</b>	<b>325,168</b>

## 19. Other income and expenses, net

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Other Income		64,488	69,650
Other Expenses		(85,966)	(70,397)
Other Expenses, net		<b>(21,478)</b>	<b>(747)</b>

## 20. Borrowing Costs

As of December 31, 2022, and 2021, this item is mainly composed of interest on bonds issued and debts with banks for S/ 170,929,000 and S/ 170,230,000, respectively (see note 12 (b) and 12.A(d)).

## 21. Related Party Transactions

(a) The main transactions with related entities as of December 31, 2022, and 2021 were as follows:

<i>In thousands of soles</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
<b>Sale of cement</b>			
La Viga S.A.		558,917	474,850
Asociación UNACEM		299	140
<b>Dividends earned</b>			
Ferrocarril Central Andino S.A.		-	20,878
Master Builders Solutions Perú S.A.		1,070	5,392
Others		5	3
<b>Costs and/or expenses</b>			
<b>Donations</b>			
Asociación UNACEM		17,525	22,550
<b>Purchase of additives</b>			
Master Builders Solutions Perú S.A.		60,976	48,763
<b>Fees and import duties for sale of cement</b>			
La Viga S.A.		34,047	29,793
<b>Other expenses</b>			
Master Builders Solutions Perú S.A.		3,666	4,200
Compañía Inversiones Santa Cruz S.A.		-	132
<b>Other income</b>			
Master Builders Solutions Perú S.A.		2,225	1,423
Asociación UNACEM		212	252

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La Viga S.A.	124	201
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- (b) As a result of these and other minor transactions, the Group has the following balances with its related parties:

<i>In thousands of soles</i>	<i>Note</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Accounts receivable</b>	<b>6</b>		
La Viga S.A.		37,122	30,252
Master Builders Solutions Perú S.A.		428	302
Others		1,641	946
		<b>39,191</b>	<b>31,500</b>
<b>Accounts payable</b>	<b>13</b>		
Master Builders Solutions Perú S.A.		24,309	16,151
La Viga S.A.		4,490	3,415
Others		13	17
		<b>28,812</b>	<b>19,583</b>

- (c) The Group conducts its operations with related entities under the same conditions as those made with third parties, therefore there is no difference in pricing policies or the settlement of tax base, in relation to the payment, and they do not differ with the policies issued to third parties.
- (d) As of December 31, 2022, as a result of the simple reorganization of the Company indicated in Note 1; the Company and UNACEM Peru are co-debtors for the bank loans described in Note 16.A.(b) up to a limit of S/1,647,423,000.
- (e) The total remuneration received by the directors and key officers of the Group Management during the year 2022 amounted approximately to S/ 15,529,000 (approximately S/ 29,976,000 during the year 2021), which includes short-term benefits and compensation for time served.
- (f) As of December 31, 2022, and 2021, there were no changes in the controller Nuevas Inversiones S.A. Regarding the controller Investments JRPR S.A., there was a change in the Company's participation, see note 15.A.

## 22. Earnings per Share

Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of outstanding shares during the period.

The following table shows the calculation of the diluted and basic earnings per share.

<i>In thousands of soles</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Numerator</b>		
Profit or loss attributable to ordinary equity holders	554,653	498,114
<b>Denominator</b>		
<i>In thousands</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Initial balance	1,810,835	1,818,128
Purchase of treasury shares	(5,674)	(7,293)
Weighted average number of outstanding shares (ordinary shares)	1,805,161	1,810,835
<i>In soles</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
Net basic and diluted earnings per share	0.307	0.275

As of December 31, 2022, and 2021, the Company holds 12,967,000 and 7,289,000 treasury shares with an average of 333 days and 72 days, respectively.

## 23. Contingencies and Commitments

### A. Financial and purchase commitments

- (i) The subsidiaries maintain the following current letters of guarantee:
- A letter of guarantee issued for UNACEM Perú by Banco de Crédito del Perú S.A. on behalf of MINEM to ensure the execution of the mine closure plan of its mining concessions for US\$1,884,000, equivalent to S/ 4,618,000, maturing in January 2024, to ensure compliance of the Mine Closure of its mining concessions.
  - A letter of guarantee issued for UNACEM Perú by Banco de Crédito del Perú S.A. on behalf of the Ministry of Production, by a total approximate of US\$ 6,383,000, equivalent to S/ 24,383,000 with a maturity on January 2024, in order to ensure compliance of the Mine Closure of its mining concessions.
  - Letters of guarantee granted by UNACEM Peru in favor of the National Superintendence of Tax Administration (SUNAT) for a total of S/ 9,434,000 with expiration during the year 2023, in order to guarantee the customs tax debt.
  - Letters of guarantee granted by UNACEM Peru in favor of third parties for a total of S/ 549,000 with expiration during the year 2023.
  - Letters of guarantee issued by financial institutions on behalf of UNICON Peru and CONCREMAX to ensure the supply of concrete to certain customers, as of December 31, 2022 for approximately S/ 104,068,000 (S/ 100,755,000 as of December 31, 2021).
  - Letters of guarantee issued by financial institutions on behalf of ENTREPISOS to ensure the supply of slabs and precast concrete products to certain customers, as of December 31, 2022 for approximately S/1,217,000 (S/2,797,000 as of December 31, 2021).



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- Letters of guarantee issued by financial institutions on behalf of Depósito Aduanero Conchán S.A. To ensure the fulfillment of obligations related to customs warehousing in accordance with the General Customs Law, regulations, and other applicable administrative provisions, as of December 31, 2022, for approximately US\$ 100,000, equivalent to S/ 382,000 (US\$ 100,000, equivalent to S/ 400,000 as of December 31, 2021).
  - A letter of guarantee issued by Scotiabank Perú and granted by CELEPSA on behalf of Consorcio Transmantaro S.A. for US\$ 3,000,000 to ensure the fulfillment of contractual obligations related to the energy conversion contract for the complementary transmission system. It matures in July 2023.
  - Letter of guarantee granted by CELEPSA on behalf of La Fiduciaria S.A, issued by the Scotiabank, for an approximate total of USD 14,100,000, equivalent to S/ 53,862,000 with a maturity in January 2024, in order to Insure compliance of the obligations of the Contract for the purchase of shares and credits of Termochilca.
  - Letters of guarantee granted by CELEPSA on behalf of MEM, issued by the Bank of Credit of Peru, for an approximate total of S/ 2,752,000 with maturity between March 2023 and January 2024, in order to guarantee the fulfillment of various projects.
  - Letter of guarantee granted by CELEPSA in favor of the Environmental Evaluation and Oversight Agency (OEFA), issued by the Bank of Credit of Peru, for a total approximate amount of S/ 460,000 with maturity in October 2023, in order to guarantee the payment of the coercive fine imposed by Resolution Directoral No. 01636-2022-OEFA/DFAI, in the Administrative File No. 1702-2018-OEFA/DFAI/PAS, which will be subject to challenge through a court proceeding before the Superior Court of Justice of Lima of subsidiary Celepsa Renovables S.R.L.
  - On September 23, 2016, Scotiabank Chile approved a credit facility of up to US\$ 4,000,000 on behalf of PREANSA Chile, which is secured by a letter of credit of PREANSA Peru. issued by Scotiabank Perú. It matures in September 2023.
  - On December 13, 2016, BBVA Colombia approved a credit facility of up to US\$ 3,550,000 on behalf of PREANSA Colombia, which is secured by a letter of credit of PREANSA Perú issued by BBVA Peru. It matures in January 2024.
  - Vigilancia Andina S.A. has letters of guarantee issued by financial institutions to ensure the fulfillment of payment obligations related to salaries of employees under fixed-term employment contracts for approximately S/ 3,032,000 (S/ 2,707,000 as of December 31, 2021).
- (ii) The Group has the following letters of credit:
- Letter of credit US\$ 40,447,000, dated November 18, 2010, and amended on November 10, 2020, between Banco de Nova Scotia US Operations (issuer) and US Bank National Association (trustee), the latter entity dated November 1, 2010, entered into a trust agreement with the Yavapai County Industrial Development Authority (authority). Likewise, on November 10, 2020, the letter of credit was renewed for an additional 5 years, see note 12.A.(a)i.
  - A letter of credit dated July 30, 2015, for US\$ 75,838,000 between Drake Cement L.L.C. and Skanon Investments, Inc. (guarantors) and Bank of Nova Scotia, New York Agency (issuer) so that the issuer directly pays the credit by Drake Cement L.L.C. on behalf of U.S. Bank National Association (trustee). The trustee entered into a trust agreement with the Yavapai County Industrial Development Authority (authority). On June 1, 2020, the letter of credit was renewed for a five-year term, see note 12.A.(a)i.

- (iii) Letter of indemnity  
Skanon Investments Inc. subsidiary establishes indemnification provisions under agreements with other entities—i.e., trading partners, customers, property owners, lenders, and lessors—in the normal course of business. Under such provisions, Skanon Investments Inc. generally indemnifies and holds harmless the indemnified party in respect of any loss or damage suffered by the indemnified party because of its activities or, in some cases, because of the indemnified party's activities. The maximum number of future payments that Skanon Investments Inc. could make under the provisions is unlimited. Skanon Investments Inc. did not incur material costs to defend claims or settle claims related to the indemnification provisions. Accordingly, Skanon Investments Inc. considers that the fair value of these provisions is low. As of December 31, 2022, and 2021, the Group's Management has no liabilities recorded under the indemnification provisions.
- (iv) Purchase option  
In accordance with the third addendum to the limited liability company operating agreement, dated September 1, 2007, Skanon has the option to purchase non-controlling interests in Drake Cement. From January 1, 2009, Skanon has the option, but not the obligation, to purchase non-controlling interests at any time at fair value. The fair value will be measured by mutual agreement at the General Shareholders' Meeting. As of December 31, 2022, Skanon has exercised this option, acquiring a 4.348% minority interest for approximately US\$ 6,500,000 (equivalent to S/ 24,843,000), thus directly controlling 98.39 % of Drake Cement capital share (at December 31, 2021 maintained 94.04 %).

As of December 31, 2022, there is an outstanding balance of approximately US\$ 1,650,000 (equivalent to S/6,208,000), see note 13.

#### **B. Finance leases**

The following table shows the minimum lease payments and sale and leaseback transactions:

	As of December 31, 2022		As of December 31, 2021	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
<i>In thousands of soles</i>				
In 1 year	54,795	39,216	48,398	35,876
Between one to more years	258,005	136,827	229,088	111,382
<b>Total, payments to be done</b>	<b>312,800</b>	<b>176,043</b>	<b>277,486</b>	<b>147,258</b>
Less: Borrowing costs	(136,757)	-	(130,228)	-
<b>Present value of minimum lease payments 141,982</b>	<b>176,043</b>	<b>176,043</b>	<b>147,258</b>	<b>147,258</b>

#### **C. Tax Situation**

- (i) The subsidiaries of the Group are subject to the tax laws of the country in which they operate and to taxes separately based on their non-consolidated income. As of December 31, 2022, and 2021, the income tax rates of the countries in which the Group operates are as follows:

In percentages	Tax rates	
	2022	2021
Peru	29.5	29.5
Ecuador	25.0	25.0
United States (*)	21.0 and 4.9	21.0 and 4.9
Chile	27.0	27.0

(\*) In accordance with the laws of the United States and Arizona, the subsidiary is subject to a federal tax rate of 21% and a state tax rate of 4.9%.

- (ii) In determining income tax, transfer pricing with related parties and entities domiciled in territories with low or zero taxation shall be supported with documents and information on the valuation techniques and the criteria used for the pricing.

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Based on the business analysis, it is the opinion of management and its legal advisors that no significant contingencies will arise as of December 31, 2022, and 2021 from the application of such regulations.

- (iii) The Tax Authorities of each country are entitled to audit and, if applicable, to correct the income tax calculated by the Company and its Subsidiaries. The affidavits of income tax are open to inspection by the Tax Authority as follows:

	<b>Period subject to tax assessments</b>
<b>In Peru -</b>	
UNACEM Corp S.A.A.	2018 – 2022
UNACEM Perú S.A.	2022
Compañía Eléctrica el Platanal S.A.	2018 – 2022
Celepsa Renovables S.R.L.	2018 – 2022
Generación Eléctrica Atocongo S.A.	2018 – 2022
Unión de Concreteras S.A.	2017 – 2022
Concremax S.A.	2017 – 2022
Inversiones en Concreto y Afines S.A.	2018 – 2022
Prefabricados Andinos Perú S.A.C.	2018 – 2022
Digicem S.A.	2018 – 2022
Depósito Aduanero Conchán S.A.	2018 – 2022
Inversiones Imbabura S.A.	2018 – 2022
Inversiones Nacionales y Multinacionales Andinas S.A.	2018 – 2022
ARPL tecnología Industrial S.A.	2018 – 2022
Vigilancia Andina S.A.	2018 – 2022
Entrepisos Lima S.A.C.	2018 – 2022
<b>In Ecuador</b>	
UNACEM Ecuador S.A.	2019- 2022
Unión de Concreteras UNICON UCUE Cía. Ltda.	2019- 2022
<b>In Chile</b>	
Prefabricados Andinos S.A.	2018- 2022
UNACEM Chile S.A.	2019- 2022
Inversiones MEL20 Limitada	2019- 2022
UNICON Chile S.A.	2019- 2022
<b>In Colombia</b>	
Prefabricados Andinos Colombia S.A.S.	2017- 2022
<b>In United State of America</b>	
	2018- 2022

Due to the possible interpretations of the applicable laws by the Tax Authorities, it is not possible to determine, to date, whether a future tax assessment will result in liabilities for the Group. Therefore, any major tax or surcharge that might arise from eventual tax assessments would be applied to profit or loss when they are determined. It is the opinion of management and its legal advisors that any possible additional settlement of taxes would not be significant for the consolidated financial statements as of December 31, 2022, and 2021.

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- (iv) As of December 31, 2022, and 2021, tax loss carryforwards of subsidiaries are as follows:

<i>In thousands of soles</i>	<b>2022</b>	<b>2021</b>
Skanon Investments Inc. and Subsidiaries (a)	2,412,905	2,320,311
Compañía Eléctrica el Platanal S.A. and Subsidiaries (b)	224,481	274,926
Prefabricados Andinos S.A.– PREANSA Chile(c)	58,609	42,707
Prefabricados Andinos Perú S.A.C. – PREANSA Perú (b)	17,173	16,172
UNICON Chile S.A. (c)	16,164	4,547
Prefabricados Andinos Colombia S.A.S (c)	8,625	9,160
Digicem S.A. (b)	1,676	489
Depósito Aduanero Conchán S.A. (b)	1,415	1,854
CONCREMAX S.A. (b)	3,202	-
Generación Eléctrica de Atocongo S.A.(b)	2,000	-
Inversiones Imbabura S.A. (b)	-	1,013
Other minor Peruvian subsidiaries(b)	1,946	414

- (a) The tax loss carries forwards of subsidiaries domiciled in the United States amount to US\$ 633,641,000 (equivalent to S/ 2,412,905,000). According to management, the federal and state losses for US\$ 334,045,000 and US\$ 299,596,000, respectively (equivalent to S S/ 1,272,043,000 and S/ 1,040,862,000 respectively).

In accordance with the laws of the United States, the subsidiaries domiciled in the United States are subject to a federal tax rate of 21% and a state tax rate of 4.9%, respectively, on taxable profits.

- (b) The Managers of each subsidiary in Peru with tax loss carry forwards have therefore chosen the option to offset the tax loss up to 50 percent of the taxable income generated each year, indefinitely, as well as the option to offset the tax loss in the four years starting from the date of its generation.
- (c) The tax loss carryforwards of subsidiaries domiciled in Chile and Colombia will be offset against the future taxable profits of subsidiaries in accordance with applicable tax laws.

- (v) As of December 31, 2022, and 2021 the net outstanding balance, net of income tax, amounts to approximately S/ 149,297,000 and S/ 102,976,000, respectively.

**D. Contingencies**

In the normal course of business, the Group had various tax, legal (labor and administrative) and regulatory claims, which are recognized and disclosed in accordance with IFRSs.

**Peru**

**i. Tax assessments**

As a result of the tax assessments, the Group received various resolutions related to alleged failure to meet tax payments from the Tax Authorities. In some cases, the Group filed claims before higher courts since it did not consider that such resolutions are compliance with the laws and, in others, it paid the objections under protest. The tax proceedings are related to:

**UNACEM Corp**

- Income tax for the years 2000 and 2001
- Income tax for the years 2004 and 2005.
- Fines for income tax for the year 2009.
- Fines for Tax on Profits for the Fiscal Year 2013 (concluded and returned by SUNAT during the year 2022)

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- Fines for interest on down payments of income tax for the year 2014.
- Contribution to the retirement fund for mining, metallurgical and steel workers for the years from 2013 to 2017
- Mining royalties of Former Cementos Lima for the years 2008 and 2009.
- Mining royalties of Former Cementos Andino for the year 2008.

As of December 31, 2022, and 2021, the Company maintains 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 outcome, see note 6(b).

**CONCREMAX**

- Tax on earnings for the 2012 fiscal year, ending in March 2022.

**E. Environmental commitments**

The Group's activities are subject to the environmental regulations. This tax rules are the same as those described in the notes to the annual consolidated financial statements as of December 31, 2021.

**24. Financial Risk Management**

It includes the management of the main risks that the Group faces due to the nature of its operations, these are: credit, liquidity, and market risk.

**A. Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments fluctuates because of changes in the market rates. Market risks involve interest rate risk, exchange rate risk, commodity price risk and other price risks. Financial instruments affected by market risk are bank deposits, trade and other accounts receivable, other financial liabilities and hedging instruments. Financial instruments affected by market risk are bank deposits, trade and other accounts receivable, other financial liabilities and hedging instruments.

The sensitivity analyses included in the following notes are related to the consolidated financial statements as of December 31, 2022, and 2021.

These sensitivity analyses were prepared on the assumption that the amount of net debt, the coefficient of fixed interest rates on variable interest rates on debt and derivative financial instruments, and the proportion of financial instruments in foreign currency, are all constant as of December 31, 2022, and 2021.

**i. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments fluctuates because of changes in the interest rates. The Group's exposure to interest rate risk mainly arises from long-term variable-rate debt instruments.

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▪ **Hedging instruments**

The Group has three interest rate swaps designated as cash flow hedges and measured at fair value. Hedging instruments are as follows:

As of December 31, 2022						
Borrower	Currency	Benchmark amount (000)	Maturity date	Receives variable rate at:	Fixed-rate	Fair value S/. (000)
<b>Asset</b>						
Bank of Nova Scotia	US\$	30,000	September 2025	3-month LIBOR + 2.60%	5.660%	1,427
Banco de Crédito e Inversiones (BCI) (Chile)	CLP	2,692,424	November 2027	6.78%	3.377%	1,172
Citibank N.A.	US\$	50,000	October 2025	3-month LIBOR + 1.75%	5.700%	1,130
Banco Scotiabank (Chile)	US\$	3,355	October 2023	1-month LIBOR + 1.85%	5.550%	334
<b>Total</b>						<b>4,063</b>
As of December 31, 2021						
Borrower	Currency	Benchmark amount (000)	Maturity date	Receives variable rate at:	Fixed-rate	Fair value S/. (000)
<b>Liabilities</b>						
Citibank N.A.	US\$	50,000	October 2025	3-month LIBOR + 1.75%	5.700%	13,210
Santander S.A.	US\$	45,000	November 2023	3-month LIBOR + 1.85%	5.030%	8,499
Bank of Nova Scotia	US\$	30,000	September 2025	3-month LIBOR + 2.60%	5.660%	3,719
Banco Scotiabank (Chile)	US\$	4,000	August 2022	1-month LIBOR + 1.22%	3.200%	219
Banco Scotiabank (Chile)	US\$	1,883	March 2022	1-month LIBOR + 1.94%	5.400%	64
<b>Total</b>						<b>25,711</b>
<b>Asset</b>						
Banco Scotiabank (Chile)	US\$	3,355	October 2023	1-month LIBOR + 1.85%	5.550%	896
Banco de Crédito e Inversiones (BCI) (Chile)	CLP	2,692,424	November 2027	6.78%	3.377%	526
<b>Total</b>						<b>1,422</b>

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, 2022, and 2021, the Group has recognized under "Unrealized net profit" on hedging financial derivative instruments" in the statement of changes in equity, a positive and negative change in fair value of approximately S/ 18,806,000 and S/12,347,000, which is presented net of the effect on the income tax, respectively.

In 2022, the Group has recognized a financial expense for these derivative financial instruments amounting to approximately S/ 4,483,000 (S/ 15,856,000 during the year 2021), whose amounts have been effectively paid during the year and are presented as part of the item "Financial Expenses" of the consolidated income statement.

**Sensitivity to interest rate-**

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

**ii. Exchange rate risk**

Exchange rate risk is the risk that the fair value or future cash flows of financial instruments fluctuates because of changes in the exchange rates. The Group's exposure to foreign exchange risk relates, firstly, to the Group's operating activities (when revenues and expenses are denominated in a currency other than the Group's functional currency).

The management of each company monitors this risk through the analysis of the country's macroeconomic variables.

The result of maintaining balances in foreign currency for the Group in 2022 and 2021, resulted in a net loss of approximately S/35,445,000 and S/64,071,000 respectively, which are presented in the "Net Exchange Difference" line item of the consolidated income statement.

As of December 31, 2022, the Group maintains a liability for a derivative financial instrument corresponding to a "Cross Currency Interest Rate Swap" amounting to S/ 3,253,000 in favor of the BBVA Peru bank (S/6,870,000 as of December 31, 2021, in favor of the banks, BBVA Peru and Banco Internacional del Peru), in order to cover their risks of fluctuation in the exchange rate. These instruments were designated as held for trading.

As of December 31, 2022, and 2021, variations in fair value are recognized as an expense or income. As of December 31, 2022, the effect corresponds to a net financial income of approximately S/ 3,617,000 (net financial expense of S/ 3,899,000 as of December 31, 2021) and is presented as part of the caption "Borrowing cost" and "Financial income" of the consolidated income statement.

Likewise, as of December 31, 2022, and 2021, a financial expense was recognized, net for these derivative financial instruments amounting to approximately S/ 1,026,000 and S/ 940,000, respectively, the amounts of which have been effectively paid during the year and are presented as part of the caption "Financial expenses" and "Financial income", net of the consolidated income statement.

**Sensitivity to exchange rates**

Foreign currency transactions are entered into at the free-market exchange rates published by the Banking, Insurance and Private Pension Plan Agency (Superintendencia de Banca, Seguros y AFP - SBS). As of December 31, 2022, the weighted average of free-market exchange rates used in foreign currency transactions (U.S. dollars) were S/ 3.808 (buy rate) and S/ 3.820 (sell rate) (S/ 3.975 (buy rate) and S/ 3.998 (sell rate) as of December 31, 2021), respectively.

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As of December 31, 2022, and 2021, the Group's assets and liabilities are held in U.S. dollars. The following table shows the foreign currency assets and liabilities:

<i>In thousands of dollars</i>	<b>2022</b>	<b>2021</b>
<b>Asset</b>		
Cash and Cash Equivalents	28,822	26,106
Trade and other payables	150,717	91,674
	<b>179,539</b>	<b>117,780</b>
<b>Liabilities</b>		
Other financial payables	(143,513)	(179,726)
Trade and other payables	(83,920)	(64,093)
	<b>(227,433)</b>	<b>(243,819)</b>
Derivative financial instrument in foreign currency	(852)	(1,718)
<b>Net liability position</b>	<b>(48,746)</b>	<b>(127,757)</b>

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

<i>In thousands of soles</i>	<b>Impact on profit before income tax</b>	
	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Changes in exchange rates (U.S. dollars)</b>		
%		
+5	(9,418)	(25,674)
+10	(18,836)	(51,348)
-5	9,418	25,674
-10	18,836	51,348

**B. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, including trade accounts receivable, as well as financing activities, including deposits at banks and financial institutions, foreign currency transactions and other financial instruments. The maximum credit risk of the components of the financial statements as of December 31, 2022, and 2021, is represented by the amount of the captions cash and cash equivalents, trade, and other accounts receivable.

The Management of the Group carries out a continuous monitoring of the credit risk of these items and periodically evaluates those debts that show deterioration to determine the provision required for uncollectibility.

**C. Liquidity risk**

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the open use of bank accounts and other financial obligations.



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

<i>In thousands of soles</i>	<b>As of December 31, 2022</b>			
	<b>From 1 to 12 months</b>	<b>From 1 to 3 years</b>	<b>From 4 to more years</b>	<b>Total</b>
Trade and other payables (*)	881,986	22,045	6,147	910,178
<b>Other financial payables</b>				
Amortization of capital	1,106,529	1,413,546	1,215,803	3,735,878
Flow of interest payments	152,838	209,569	203,784	566,191
<b>Lease liabilities</b>				
Amortization of capital	8,024	11,026	3,195	22,245
Flow of interest payments	895	1,267	1,887	4,049
<b>Total liabilities</b>	<b>2,150,272</b>	<b>1,657,453</b>	<b>1,430,816</b>	<b>5,238,541</b>

<i>In thousands of soles</i>	<b>As of December 31, 2021</b>			
	<b>From 1 to 12 months</b>	<b>From 1 to 3 years</b>	<b>From 4 to more years</b>	<b>Total</b>
Trade and other payables (*)	783,141	21,035	12,586	816,762
<b>Other financial payables</b>				
Amortization of capital	700,255	1,523,344	1,704,435	3,928,034
Flow of interest payments	154,045	262,221	216,412	632,678
<b>Lease liabilities</b>				
Amortization of capital	8,345	12,760	3,735	24,840
Flow of interest payments	623	771	2,154	3,548
<b>Total liabilities</b>	<b>1,646,409</b>	<b>1,820,131</b>	<b>1,939,322</b>	<b>5,405,862</b>

(\*) As of December 31, 2022, and 2021, it does not include customer advances, taxes, contributions and labor contributions and general sales tax for approximately S/ 93,388,000 and S/ 78,756,000, respectively.

**D. Capital management.**

No changes were made in the objectives, policies, or processes for managing capital during the years ended on December 31, 2022, and 2021.

**25. Fair value**

**A. Financial instruments measured at fair value using the fair value hierarchy.**

The following table shows an analysis of financial instruments measured at fair value at the reporting date, including the level of the fair value hierarchy:

<i>In thousands of soles</i>	<b>Level 2</b>	<b>Total</b>
<b>As of December 31, 2022</b>		
<b>Financial assets</b>		
Hedging instruments	4,063	4,063
<b>Derivative financial instruments</b>		
Hedging instruments	3,253	3,253
<b>Total financial assets, net</b>	<b>(810)</b>	<b>(810)</b>
<b>As of December 31, 2021</b>		
<b>Financial assets</b>		
Hedging instruments	1,422	1,422
<b>Derivative financial instruments</b>		
Hedging instruments	32,581	32,581
<b>Total financial liabilities</b>	<b>31,159</b>	<b>31,159</b>

***Fair value of financial instruments measured at amortized cost.***

Below are the other financial instruments measured at amortized cost and their fair value categorized within different levels of the fair value hierarchy.

***Level 1***

- Cash and cash equivalents are not significantly exposed to credit or interest rate risks. Therefore, the carrying amount is a reasonable approximation of fair value.
- Accounts receivable are net of loss allowance and have current maturities. In management's opinion, the carrying amount does not differ materially from the fair value.
- Due to their current maturity, the carrying amount of trade and other accounts payable is a reasonable approximation of fair value.

***Level 2***

- The fair value of financial liabilities is measured comparing market interest rates at initial recognition and current market rates related to similar financial instruments. The following table compares the carrying amount and the fair value of these financial instruments:

<i>In thousands of soles</i>	<b>As of December 31, 2022</b>		<b>As of December 31, 2021</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
Other financial liabilities (*)	3,287,326	3,280,118	3,588,500	3,732,609

*(\*) As of December 31, 2022 and 2021 it does not include promissory notes and overdrafts, see note 12.*

**26. Segment information**

For management purposes, the Group's business activities are organized based on products and services. Accordingly, it identified three operating segments:

- Production and sale of cement.
- Production and sale of Concrete.
- Generation and sale of electric power from water resources.

The Group did not include other operating segments other than those described above.

Management of each subsidiary reviews the operating results to make decisions about resources to be allocated to the segment and assess its performance.

The performance of the operating segments is assessed based on profit or loss and is measured using segment profit or loss in the consolidated financial statements.

The inter-segment transfer pricing with independent parties is agreed similarly to the pricing agreed with third parties.

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The following table shows financial information by reportable segment, net of eliminations:

<i>In thousands of soles</i>	As of December 31, 2022						
	Cement	Concrete	Electric power	Others	Total segments	Adjustment and eliminations	Consolidated
<b>Revenue</b>							
Third-party customers	3,350,673	2,310,954	298,949	18,267	5,978,843	-	5,978,843
Inter segments	397,103	126,179	128,801	628,664	1,280,747	(1,280,747)	-
<b>Total revenues</b>	<b>3,747,776</b>	<b>2,437,133</b>	<b>427,750</b>	<b>646,931</b>	<b>7,259,590</b>	<b>(1,280,747)</b>	<b>5,978,843</b>
<b>Gross profit</b>	<b>1,208,251</b>	<b>255,821</b>	<b>122,319</b>	<b>572,147</b>	<b>2,158,538</b>	<b>(529,927)</b>	<b>1,628,611</b>
<b>Operating income (expenses)</b>							
Administration expenses	(255,358)	(79,019)	(22,604)	(80,609)	(437,590)	35,968	(401,622)
Selling expenses	(82,291)	(31,079)	(6,434)	(311)	(120,115)	-	(120,115)
Other operating income (expenses), net	(148,227)	(18,710)	893	6,782	(159,262)	137,784	(21,478)
<b>Operating profit</b>	<b>722,375</b>	<b>127,013</b>	<b>94,174</b>	<b>498,009</b>	<b>1,441,571</b>	<b>(356,175)</b>	<b>1,085,396</b>
<b>Other income (expenses)</b>							
Net interests in associates	(1)	3,558	-	269	3,826	35	3,861
Finance income	16,220	3,327	310	7,187	27,044	(10,410)	16,634
Borrowing Costs	(96,368)	(21,698)	(15,414)	(63,559)	(197,039)	4,418	(192,621)
Exchange difference, net	36,400	(5,701)	6,677	(1,931)	35,445	-	35,445
<b>Income before income tax</b>	<b>678,626</b>	<b>106,499</b>	<b>85,747</b>	<b>439,975</b>	<b>1,310,847</b>	<b>(362,132)</b>	<b>948,715</b>
Income Tax	(219,955)	(1,031)	(27,809)	(34,417)	(283,212)	(5,908)	(289,120)
<b>Net income for segment</b>	<b>458,671</b>	<b>105,468</b>	<b>57,938</b>	<b>405,558</b>	<b>1,027,635</b>	<b>(368,040)</b>	<b>659,595</b>
<b>Income before tax for segment</b>	<b>758,775</b>	<b>121,312</b>	<b>100,851</b>	<b>502,035</b>	<b>1,482,973</b>	<b>(534,258)</b>	<b>948,715</b>
<b>Operating assets</b>	<b>7,976,855</b>	<b>1,525,468</b>	<b>1,184,645</b>	<b>468,305</b>	<b>11,155,273</b>	<b>233,799</b>	<b>11,389,072</b>
<b>Operating liabilities</b>	<b>668,416</b>	<b>511,832</b>	<b>114,134</b>	<b>65,481</b>	<b>1,359,863</b>	<b>4,332,401</b>	<b>5,692,264</b>

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	As of December 31, 2021						
<i>In thousands of soles</i>	Cement	Concrete	Electric power	Others	Total segments	Adjustment and eliminations	Consolidated
<b>Revenue</b>							
Third-party customers	2,940,125	1,908,371	199,631	18,042	5,066,169	-	5,066,169
Inter segments	228,489	155,496	127,303	75,548	586,836	(586,836)	-
<b>Total revenues</b>	<b>3,168,614</b>	<b>2,063,867</b>	<b>326,934</b>	<b>93,590</b>	<b>5,653,005</b>	<b>(586,836)</b>	<b>5,066,169</b>
<b>Gross profit</b>	<b>1,083,366</b>	<b>244,294</b>	<b>132,430</b>	<b>30,848</b>	<b>1,490,938</b>	<b>16,226</b>	<b>1,507,164</b>
<b>Operating income (expenses)</b>							
Administration expenses	(252,533)	(69,913)	(16,578)	(19,065)	(358,089)	32,921	(325,168)
Selling expenses	(74,909)	(30,619)	(5,173)	-	(110,701)	-	(110,701)
Other operating income (expenses), net	104,193	6,930	(3,945)	160	107,338	(108,085)	(747)
<b>Operating profit</b>	<b>860,117</b>	<b>150,692</b>	<b>106,734</b>	<b>11,943</b>	<b>1,129,486</b>	<b>(58,938)</b>	<b>1,070,548</b>
<b>Other income (expenses)</b>							
Net interests in associates	-	5,209	(11)	-	5,198	1,326	6,524
Finance income	6,119	3,070	80	1,592	10,861	(3,611)	7,250
Borrowing Costs	(171,952)	(30,571)	(21,833)	(8,406)	(232,762)	3,611	(229,151)
Exchange difference, net	(50,546)	3,921	(20,252)	2,806	(64,071)	-	(64,071)
<b>Income before income tax</b>	<b>643,738</b>	<b>132,321</b>	<b>64,718</b>	<b>7,935</b>	<b>848,712</b>	<b>(57,612)</b>	<b>791,100</b>
Income Tax	(170,421)	(17,214)	(22,806)	(4,899)	(215,340)	(1,005)	(216,345)
<b>Net income for segment</b>	<b>473,317</b>	<b>115,107</b>	<b>41,912</b>	<b>3,036</b>	<b>633,372</b>	<b>(58,617)</b>	<b>574,755</b>
<b>Income before tax for segment</b>	<b>809,571</b>	<b>154,613</b>	<b>86,482</b>	<b>13,423</b>	<b>1,064,089</b>	<b>(272,989)</b>	<b>791,100</b>
<b>Operating assets</b>	<b>7,948,310</b>	<b>1,508,634</b>	<b>1,200,587</b>	<b>238,837</b>	<b>10,896,368</b>	<b>226,930</b>	<b>11,123,298</b>
<b>Operating liabilities</b>	<b>468,604</b>	<b>554,173</b>	<b>117,253</b>	<b>51,284</b>	<b>1,191,314</b>	<b>4,561,677</b>	<b>5,752,991</b>

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**Eliminations and Reconciliation**

The finance income and borrowing costs and gains and losses from changes in the fair value of financial assets are not allocated to separate segments, since the underlying instruments are managed centrally.

The current and deferred tax assets and liabilities and certain financial assets and liabilities are not allocated to the segments since they are also managed centrally.

<i>In thousands of soles</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Reconciliation of profit or loss</b>		
<b>Profit before tax by operating segment before adjustments and eliminations</b>	<b>1,482,973</b>	<b>1,064,089</b>
Finance income	16,634	7,250
Borrowing Costs	(192,621)	(229,151)
Net interests in associates	3,861	6,524
Eliminations of related party transactions	(362,132)	(57,612)
<b>Income before tax for segment</b>	<b>948,715</b>	<b>791,100</b>
<b>Reconciliation of assets</b>		
<b>Segment assets</b>	<b>11,155,273</b>	<b>10,896,368</b>
Deferred tax assets	207,455	206,404
Hedging instruments	4,063	1,422
Other assets	22,281	19,104
<b>Operating assets of the Group</b>	<b>11,389,072</b>	<b>11,123,298</b>
<b>Reconciliation of liabilities</b>		
<b>Segment operating liabilities</b>	<b>1,359,863</b>	<b>1,191,314</b>
Other financial payables	3,735,878	3,928,034
Trade payables to Directors	8,090	6,439
Deferred tax assets	585,180	594,623
Derivative financial instruments	3,253	32,581
<b>Operating liabilities of the Group</b>	<b>5,692,264</b>	<b>5,752,991</b>

**Geographical information**

The Group reports geographical information on revenue from external customers and non-current assets as follows:

<i>In thousands of soles</i>	<b>As of December 31, 2022</b>	<b>As of December 31, 2021</b>
<b>Income of customers</b>		
Peru	3,854,796	3,300,531
United States	973,846	704,152
Ecuador	682,994	649,607
Chile	449,451	393,268
Colombia	17,756	18,611
<b>Total revenue under consolidated statement of profit or loss</b>	<b>5,978,843</b>	<b>5,066,169</b>
<b>Non-current assets</b>		
Peru	6,475,899	6,513,777
United States	1,682,902	1,657,841
Ecuador	819,944	859,158
Chile	331,823	298,563
Colombia	22,825	29,697
<b>Total non-current assets under consolidated statement of financial position</b>	<b>9,333,393</b>	<b>9,359,036</b>

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### **27. Subsequent events**

Through a significant event dated January 19, 2023, the Company informed the Securities Market Superintendence (SMV) that its subsidiary CELEPSA had entered into a shares purchase agreement with La Fiduciaria S.A., under which CELEPSA will acquire, subject to authorization from the National Institute of Defense of Competition and Protection of Intellectual Property (INDECOPI) and in compliance with applicable regulations, 100% of the shares representing the share capital; as well as, the commitment to acquire together with the aforementioned shares, 100 percent of the guaranteed debt (senior debt and subordinate bonds) of Termochilca S.A., see note 2 (iii).

On January 31, 2023, the merger of UNACEM Ecuador as the absorbing company and UNICON Ecuador as the absorbed company was registered in the commercial register of Ecuador; consequently, the merger comes into effect on February 1, 2023, see note 2(i).

Starting from January 1, 2023, Skanon Investments Inc. initiated the option to acquire 70 percent of Desert Ready Mix and 100 percent of Desert Aggregates, at a price equal to the outstanding debt and accrued interest according to the option agreement, see Note 2(ii).

In the opinion of the Group Management, between January 1, 2022, and the date of issuance of this report, no other events or facts of importance have occurred that require disclosures in the consolidated financial statements.