UNACEM Corp S.A.A.

Separate Financial Statements

As of December 31, 2023 and 2022

(including Independent Auditors' Report)

(TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN SPANISH)

(TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of
UNACEM Corp S.A.A.

Opinion

We have audited the accompanying separate financial statements of UNACEM Corp S.A.A. (hereinafter the Company), which comprise the separate statement of financial position as of December 31, 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the Company's financial position as of December 31, 2023, and its non-consolidated financial performance and its non-consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing approved for their application in Peru by the Dean's Council of the Peruvian Professional Associations of Public Accountants. Our responsibilities under those standards are further described in *the Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Peru, together with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements, respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Without qualifying our opinion, we emphasize that the Company's separate financial statements have been prepared in compliance with the legal requirements in force in Peru for the presentation of financial information. These financial statements shall be read jointly with the consolidated financial statements of the UNACEM Corp S.A.A and Subsidiaries, which are presented separately and on which we will issue our audit report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, have been of most significance in our audit of the separate financial statements of the current period. These matters have been addressed in the context of our audit of the separate financial statements as a whole and in forming our opinion thereon; however, we do not express a separate opinion on these matters.

Evaluation of impairment analysis of investments in subsidiaries; Investments in subsidiaries and others to the separate financial statements (note 9)	
Key Audit Matters	**Addressing key audit matters**
According to the note 9 to the separate financial statements, the Company holds investments in subsidiaries for an amount of (in thousands) S/ 6,236,912 as of December 31, 2023, whose allowance for impairment of investments is (in thousands) S/ 42,284 as of December 31, 2023. Management is responsible for the evaluation of IAS 36 *Impairment of assets*. At the end of each reporting period, the Company assesses whether there is any indication that a non-financial asset may be impaired. If any such an indication exists, the Company estimates the recoverable amount of that interest. We have identified the assessment of the recoverability of the value of investments in subsidiaries as a critical audit matter. The assessment required auditor judgment due to the review of detailed budgets and projections, discount rates and long-term growth rates, which involves a high degree of subjectivity.	Our approach to address the issue involved the following procedures, among others: ▪ Review the analysis performed by Management related to the evaluation of impairment indicators of investments in subsidiaries and, if necessary, the determination of the recoverable amount. ▪ In those cases where it was necessary to estimate the recoverable amount, including the projection of discounted cash flows, we have involved valuation professionals with specialized skills and knowledge in order to assess the reasonableness of the assumptions used by management, which include, among others, projected growth levels and discount rates. Our analysis also considered the comparison of the Company's estimates with actual results in order to assess the Company's ability to make accurate budgets. ▪ Review the adequacy of the disclosures included in the Company's financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an opinion, a conclusion, or any form of assurance thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether there is a material inconsistency between the other information and the separate financial statements or our knowledge obtained in the audit or otherwise whether the other information appears to contain a material misstatement.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements are considered material if they could, individually or in the aggregate, influence the economic decisions that users make on the basis of the separate financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies or material weaknesses in internal control that we identify during our audit.

Also, we provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Among the matters communicated to those charged with governance of the Company, we have identified those matters that have been of most significance in the audit of the separate financial statements of the current period and are, accordingly, the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lima, Perú

Emmerich, Córdova y Asociados

March 1, 2024

Countersigned by:

Cristian Emmerich H. (Partner)
Peruvian CPA Registration 39801

UNACEM Corp S.A.A.

Separate Financial Statements

As of December 31, 2023 and 2022

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(Translation of Financial Statements originally issued in Spanish)

UNACEM Corp S.A.A.
Separate Statement of Financial Position
As of December 31, 2023 and 2022

In thousands of soles	*Note*	2023	2022
Assets			
Current assets			
Cash and cash equivalents	*7*	3,044	6,426
Trade and other accounts receivable	*8*	201,884	177,888
Prepaid expenses		5,488	2,270
Total current assets		**210,416**	**186,584**
Non-current assets			
Trade and other accounts receivable	*8*	67,844	97,143
Investments in subsidiaries and others	*9*	6,194,628	6,074,006
Property, plant and equipment		143	62
Deferred income tax assets	*13*	17,498	11,310
Intangible assets	*10*	22,708	20,939
Total non-current assets		**6,302,821**	**6,203,460**
Total assets		**6,513,237**	**6,390,044**

In thousands of soles	*Note*	2023	2022
Liabilities			
Current liabilities			
Other financial liabilities	*12*	334,827	140,057
Trade and other accounts payable	*11*	66,081	48,852
Provisions		478	550
Total current liabilities		**401,386**	**189,459**
Non-current liabilities			
Other financial liabilities	*12*	707,933	950,047
Trade and other accounts payable	*11*	3,503	1,587
Total non-current liabilities		**711,436**	**951,634**
Total liabilities		**1,112,822**	**1,141,093**
Equity	*14*		
Issued capital		1,780,000	1,818,128
Additional capital		(38,019)	(38,019)
Treasury shares		(22,948)	(23,530)
Legal reserve		363,626	363,626
Retained earnings		3,317,756	3,128,746
Total equity		**5,400,415**	**5,248,951**
Total liabilities and equity		**6,513,237**	**6,390,044**

The accompanying notes on pages 5 to 47 are an integral part of these separate financial statements.

(Translation of Financial Statements originally issued in Spanish)

UNACEM Corp S.A.A.
Separate Statement of Comprehensive Income
For the years ended December 31, 2023 and 2022

In thousands of soles	***Note***	**2023**	**2022**
Revenue			
Revenue from ordinary activities	*15*	515,191	534,612
		515,191	**534,612**
Operating income (expenses)			
Administrative expenses	*16*	(89,465)	(57,479)
Other income	*18*	5,921	13,380
Other expenses	*18*	(5,856)	(6,055)
		(89,400)	**(50,154)**
Operating profit		**425,791**	**484,458**
Financial income	*19*	11,176	2,158
Financial expenses	*20*	(64,354)	(53,915)
Exchange difference, net	*24.A.(i)*	(1,379)	(2,283)
Financial charge, net		**(54,557)**	**(54,040)**
Profit before tax		**371,234**	**430,418**
Income tax expenses	*13(a)*	(11,677)	(17,976)
Net profit or loss		**359,557**	**412,442**
Other comprehensive income		-	-
Total comprehensive income		**359,557**	**412,442**
Net basic and diluted earnings per share (in soles)	***22***	**0.202**	**0.228**
Weighted average number of outstanding shares (in thousands of shares)	***22***	**1,784,126**	**1,807,026**

The accompanying notes on pages 5 to 47 are an integral part of these separate financial statements.

(Translation of Financial Statements originally issued in Spanish)

UNACEM Corp S.A.A.
Separate Statement of Changes in Equity
For the years ended December 31, 2023 and 2022

In thousands of soles	***Note***	**Issued capital (note 14.A)**	**Additional capital (note 14.B)**	**Treasury shares (note 14.C)**	**Legal reserve (note 14.D)**	**Unrealized gains and losses**	**Retained earnings**	**Total**
Balance as of January 1, 2022		1,818,128	(38,019)	(11,610)	363,626	(17,927)	2,896,810	5,011,008
Other comprehensive income								
Net profit or loss		-	-	-	-	-	412,442	412,442
Other comprehensive income		-	-	-	-	17,927	(17,927)	-
Total other comprehensive income		**-**	**-**	**-**	**-**	**17,927**	**394,515**	**412,442**
Transactions with owners of the Company								
Dividend distribution	*14.E*	-	-	-	-	-	(162,610)	(162,610)
Increase (decrease) for transactions with Treasury shares in Portfolio	*14.C*	-	-	(11,920)	-	-	-	(11,920)
Others		-	-	-	-	-	31	31
Total transactions with owners of the Company		**-**	**-**	**(11,920)**	**-**	**-**	**(162,579)**	**(174,499)**
Balance as of December 31, 2022		**1,818,128**	**(38,019)**	**(23,530)**	**363,626**	**-**	**3,128,746**	**5,248,951**
Balance as of January 1, 2023		1,818,128	(38,019)	(23,530)	363,626	-	3,128,746	5,248,951
Other comprehensive income								
Net profit or loss		-	-	-	-	-	359,557	359,557
Total other comprehensive income		**-**	**-**	**-**	**-**	**-**	**359,557**	**359,557**
Transactions with owners of the Company								
Dividend distribution	*14.E*	-	-	-	-	-	(143,768)	(143,768)
Decrease of issued capital	*14.C*	(38,128)	-	64,936	-	-	(26,808)	-
Increase (decrease) for transactions with Treasury shares in Portfolio	*14.C*	-	-	(64,434)	-	-	-	(64,434)
Others		-	-	80	-	-	29	109
Total transactions with owners of the Company		**(38,128)**	**-**	**582**	**-**	**-**	**(170,547)**	**(208,093)**
Balance as of December 31, 2023		**1,780,000**	**(38,019)**	**(22,948)**	**363,626**	**-**	**3,317,756**	**5,400,415**

The accompanying notes on pages 5 to 47 are an integral part of these separate financial statements.

UNACEM Corp S.A.A.
Separated Statement of Cash Flows
For the years ended December 31, 2023 and 2022

In thousands of soles	*Note*	2023	2022
Cash flows from operating activities			
Cash receipts from transfer of goods and services		41,788	227,426
Dividends received	*9(b)*	347,678	381,275
Cash receipts from royalties		202,918	137,774
Cash receipts from tax recovery		12,567	-
Cash payments to suppliers		(58,295)	(270,973)
Cash payments to employees		(24,183)	(55,160)
Cash payments from income tax		(17,326)	(104,627)
Cash paid for taxes		(7,302)	(7,279)
Cash payments from interest		(51,362)	(59,486)
Other cash receipts, net		927	213
Net cash from operating activities		**447,410**	**249,163**
Cash flows from investing activities			
Contributions between the Company and its subsidiaries	*9(a)*	(99,100)	(18,873)
Loans granted to related entities	*21(b)*	(93,325)	-
Acquisition of property, plant and equipment		(130)	-
Acquisition of intangible assets	*10*	(4,173)	(965)
Net cash used in investing activities		**(196,728)**	**(19,838)**
Cash flows from financing activities			
Short-term loans	*26*	94,025	60,000
Cash payments from short-term loans	*26*	-	(60,000)
Cash payments from long-term debts	*26*	(141,081)	(13,851)
Cash paid for dividends	*26*	(140,150)	(228,670)
Cash payments from related-party loans		-	(21,202)
Acquisition of portfolio shares	*26*	(64,434)	(11,920)
Net cash flow used in financing activities		**(251,640)**	**(275,643)**
Net decrease in cash and cash equivalents		(958)	(46,318)
Exchange difference		(2,424)	(1,844)
Opening balance		6,426	54,588
Closing balance	*7*	**3,044**	**6,426**
Non-cash transactions			
Capitalization of debt	*9(a)*	23,331	-
Impairment of investments	*9(a)*	1,808	2,073

The accompanying notes from pages 5 to 47 are an integral part of these separate financial statements.

1. Background and Economic Activity

UNACEM Corp. S.A.A. (hereinafter the Company) was incorporated in December 1967.

As of December 31, 2023 and 2022, the Company is a subsidiary of Inversiones JRPR S.A. (hereinafter the Parent Company, it is the ultimate controlling party of the conglomerate). It holds 43.13% and 42.22% of the direct and indirect shares of its share capital, respectively. The Parent Company has power to govern the financial and operating policies of the Company.

The Company's legal domicile is located at Av. Carlos Villarán N° 508, La Victoria, Lima, Perú.

The Company's principal activity is to invest in companies engaged in the production and marketing of all types of cement, concrete, clinker and other construction materials in Mexico and abroad, as well as to develop all types of intellectual property and technologies related to such activities. In addition, the Company may invest in real estate investments and in electric power generation, transmission and/or distribution activities.

The Company has investments mainly in the Peruvian, United States of America, Ecuador and Chilean markets.

The separate financial statements of UNACEM Corp S.A.A. have been prepared in compliance with existing Peruvian requirements for financial statement presentation. The separate financial statements reflect the cost of its investment in a subsidiary under the cost approach and not on a consolidated basis, so they shall be read together with the consolidated financial statements of the Company and its subsidiaries.

The most relevant data of the consolidated financial statements of UNACEM Corp S.A.A. and subsidiaries as of December 31, 2023 and 2022 are presented below:

In thousands of soles	**2023**	**2022**
Consolidated Statement of Financial Position		
Total assets	13,714,891	11,389,072
Total liabilities	7,812,903	5,692,264
Equity attributable to owners of the Parent Company	5,718,171	5,410,651
Non-controlling interests	183,817	286,157
Consolidated Statement of Profit or Loss		
Net sales	6,358,356	5,978,843
Equity attributable to owners of the Parent	500,992	554,653
Net income for the year from non-controlling interests	12,901	104,942

The General Shareholders' Meeting, held March 30, 2023, approved the separate financial statements as of December 31, 2022. The separate financial statements as of December 31, 2023 have been issued with management approval on January 31, 2024, and will be presented to the Board of Directors and General Shareholders Meeting, which will be held within the terms established by law, for corresponding approval. In management's opinion, the separate financial statements will be approved by the General Shareholders' Meeting with no modification to the separate financial statements.

A. ***Acquisition agreement of unrelated entities***

Tehachapi Cement LLC (formerly Martin Marietta Southern California Cement, LLC)
On August 24, 2023, the subsidiary Skanon Investments Inc (hereinafter Skanon or the buyer) entered into a sale and purchase agreement with the U.S. companies Martin Marietta Materials, Inc. and Martin Marietta Pacific District Cement, LLC (the sellers), through which it acquired 100% of the shares of Martin Marietta Southern California Cement, LLC, company domiciled in Delaware, USA, which owns the Tehachapi plant (located in the State of California).

This plant has a production capacity of 1 million short tons of cement and 940 thousand short tons of clinker. Furthermore, it was approved that the Company gets involved in the aforementioned agreement, to ensure compliance with all obligations assumed by Skanon as for the sellers (note 23.A).

On October 31, 2023, the acquisition of 100% of the shares of Martin Marietta Southern California Cement, LLC was completed, and as a result of this transaction, the company name was changed to Tehachapi Cement LLC. The final acquisition price was US$ 314,530,000 (equivalent to S/ 1,197,417,000).

The acquisition was financed through a syndicate loan granted to Skanon led by BBVA Securities Inc. for an amount of US$ 345,000,000. It matures in three years.

Termochilca S.A.
On December 29, 2022, the Company informed the Superintendencia de Mercado de Valores (SMV) the approval of the offer made by its subsidiary Compañía Eléctrica El Platanal S.A. (the buyer or CELEPSA) for the acquisition of the shares and claims (senior debt and subordinated bonds) of Termochilca S.A. On January 19, 2023, CELEPSA entered into a share transfer agreement with La Fiduciaria S.A., by virtue of which this subsidiary acquired, subject to the authorization of the Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual (INDECOPI), in compliance with the applicable regulations, 100% of the shares representing capital stock.

On April 20, 2023, CELEPSA was authorized by INDECOPI to carry out the business concentration transaction with Termochilca S.A., and, on May 8, 2023, the closing of the transaction was executed.

Termochilca S.A. is a Peruvian domiciled company engaged in electric power generation with a combined cycle thermal power plant located in the district of Chilca, province of Cañete, with an installed capacity of 300 MW.

The total agreed price was US$ 141,000,000 (equivalent to S/. 523,110,000), directly paid by the subsidiary, with resources from financing operations.

On October 5, 2023, Termochilca's General Shareholders' Meeting approved the change of name from Termochilca S.A. to Termochilca S.A.C.

Creation of a new society
In June 2023, the Company has been notified by INDECOPI about the authorization of the business concentration operation consisting of the incorporation of a new company named Calcem S.A. (hereinafter Calcem) between UNACEM Corp. S.A.A., with 51% of the capital stock, and Grupo Calidra S.A. de C.V., a Mexican company, with the remaining percentage.

The purpose of the new company will be to build and operate an industrial plant in the Condorcocha area, province of Tarma, department of Junín. It will be engaged in the production of quicklime and calcium carbonates, with an initial capacity of 600 tons of quicklime per day. The plant will start operations in the first half of 2025. The investment in Calcem will be covered by capital contributions from both partners and bank financing.

Merger by absorption between Unión de Concreteras S.A. and Concremax S.A.
On November 16, 2023, the General Shareholders' Meetings of Unión de Concreteras S.A. (UNICON Peru) and Concremax S.A. (Concremax) jointly agreed to approve the merger project by which UNICON Peru would adopt universally and simultaneously Concremax's equity. As a consequence, Concremax would cease to exist without liquidation, in accordance with the provisions of Article 344 of the Companies Act. The merger will become effective on January 1, 2024. UNICON Peru holds 100% of the shares of Concremax, so it is a simple merger, which will not result in an increase in the share capital of UNICON Peru.

Merger by absorption between Mel 20 Limitada (MEL20) and Constructora de Obras Civiles y Viales Limitada (CONOVIA)
On December 29, 2023, the General Shareholders' Meetings of Mel 20 Limitada (MEL20) and Constructora de Obras Civiles y Viales Limitada (CONOVIA) agreed to approve the merger project by which MEL20 would adopt the assets of CONOVIA on that date. MEL20 holds 100% of the shares of CONOVIA, so this is a simple merger, which will not result in an increase in the share capital of MEL20. Both companies have been originated in Chile.

2. Basis of Preparation of the Separate Financial Statements

A. Basis of accounting
The separate 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, 2023 and 2022. The Company is not required to prepare separate financial statements under IFRSs. However, entities domiciled in Peru are required to prepare separate financial statements in accordance with applicable laws. Accordingly, the Company prepared separate financial statements in accordance with IAS 27 *Separate Financial Statements*.

The Company's significant accounting policies are disclosed in note 3.B.

The Company adopted the new standards effective as of January 1, 2023 (note 5.A).

B. Information responsibility
The information contained in these financial statements is the responsibility of the Company's management that expressly states that all the principles and criteria, included in IFRSs and issued by IASB, have been applied.

C. Basis of measurement
The separate financial statements have been prepared on a historical cost basis.

D. Functional and presentation currency
The financial statements are presented in soles (S/), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand (S/ 000), unless otherwise indicated.

3. Significant Accounting Policies

The Company adopted the *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgments*) effective as of January 1, 2023. Although the amendments had no significant effect on the accounting policies, those affected the accounting policy information disclosed in the financial statements. The amendments require the disclosure of "significant" accounting policies, rather than "important". Likewise, the amendments provide recommendations on the importance regarding the disclosure of accounting policies. Thus, entities can provide useful and specific information on accounting policies that users may need to understand other information in the financial statements. Management has reviewed the accounting policies and has updated the disclosures in this note (2022: Significant accounting policies) in accordance with the amendments. Significant accounting policies used by management on these financial statements are as follows:

(a) Cash and cash equivalents (note 7)

Cash and cash equivalents comprise cash in hand, checking accounts and time deposits.

(b) Financial Instruments: Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability, or equity instrument in another.

- ***Financial assets***

Initial recognition and measurement

After initial recognition, the Company classifies financial assets into measurement categories: at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

The Company classifies financial assets as subsequently measured at amortized cost, FVOCI or FVTPL on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. At initial recognition, the Company measures a financial asset at its fair value plus transaction costs. The Company measures accounts receivable at their transaction price if they do not contain a significant financing component or when the Company does not apply the practical expedient in accordance with IFRS 15.

A financial asset is measured at amortized cost or FVOCI if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company determines whether the asset's contractual cash flows are solely payments of principal and interest on the principal amount outstanding at an individual instrument level.

The Company's business model refers to how the Company manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following four categories:

- Financial assets measured at amortized cost (debt instruments);
- Financial assets measured at FVOCI (debt instruments)—the Company may transfer the cumulative gain or loss within equity;

- Financial assets measured at FVOCI that are not transferred to profit and loss when derecognized (equity instruments)—when the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss; and
- Financial assets measured at FVTPL.

The classification is made on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost (debt instruments)
A financial asset is measured at amortized cost if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount.

The Company classifies financial assets as subsequently measured at amortized cost using the effective interest method. The Company applies the impairment requirements to financial assets that are measured at amortized cost. Gains and losses are recognized in the separate statement of comprehensive income when the asset is derecognized, modified or impaired.

When, and only when, the Company changes its business model for managing financial assets, it shall reclassify all affected financial assets.

The Company's financial assets measured at amortized cost comprise cash and cash equivalents and trade and other accounts receivable (notes 7 and 8).

Financial assets measured at FVOCI (debt instruments)
A financial asset is measured at FVOCI if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amount.

The Company does not have debt instruments classified into this category.

Financial assets measured at FVOCI (equity instruments)
At initial recognition, the Company may make an irrevocable election to present in other comprehensive income changes in the fair value of an investment in an equity instrument that is not held for trading under IAS 32 *Financial Instruments: Presentation*. This election is made on an instrument-by-instrument basis.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. Dividends on such investments are recognized in 'Revenues' in 2023 and 2022 the separate statement of comprehensive income when the right of payment has been established, unless the dividend clearly represents a recovery of part of the cost of the investment. If so, they are recognized in other comprehensive income. Equity instruments measured at FVOCI are not subject to impairment requirements.

Financial assets measured at FVTPL
Financial assets measured at FVTPL comprise financial assets held for trading, financial assets designated as at FVTPL, and financial assets that shall be measured at fair value. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. A derivative that is a designated and effective hedging instrument is not classified as held for trading. Financial assets that have contractual cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, regardless of the Company's business model.

Financial assets measured at FVTPL are recognized in 'financial expenses' (net negative changes in the fair value) or 'financial income' (net positive changes in the fair value) in the separate statement of comprehensive income.

The Company does not have investments classified as financial assets measured at FVTPL.

Derecognition
A financial asset or, when applicable, part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive the cash flows from the financial asset expire; or
- the Company transfers the contractual rights to receive the cash flows from the financial asset, or assumes a contractual obligation to pay the cash flows to a third party in a pass through arrangement; and (a) the Company transfers substantially all risks and rewards of ownership of the financial asset, or (b) the Company neither transfers nor retains substantially all risks and rewards of ownership of the financial asset, but transfers control of the financial asset.

When the Company transfers a financial asset, it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. When the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, nor transferred control of the asset, the Company shall continue to recognize the transferred asset for accounting purposes. Accordingly, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

When the Company's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Company's continuing involvement is the lower of the amount of the asset and the maximum amount of the consideration received that the Company could be required to repay.

Impairment of financial assets
The Company recognizes a loss allowance for debt instruments not measured at FVTPL. A credit loss is the present value of the difference between the contractual cash flows that are due to the Company under the contract and the cash flows that the Company expects to receive. The cash flows that are considered include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses (ECL) are recognized in two stages. At the reporting date, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs—i.e., the portion of lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date—if the credit risk on a financial instrument has not increased significantly since initial recognition. At the reporting date, the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECLs—i.e., the ECLs that result from all possible default events over the expected life of a financial instrument—if the credit risk on that financial instrument has increased significantly since initial recognition.

The Company applies a simplified approach for trade accounts receivable when measuring ECLs. Therefore, the Company does not assess whether there are changes in credit risk. It measures the loss allowance for a financial instrument at an amount equal to the lifetime ECLs. The Company uses a provision matrix that is based on historical credit loss experience, adjusted to reflect information about borrower-specific factors and general economic conditions.

The Company considers a financial asset to be in default when contractual payments are more than 365 days past due. However, the Company may consider a financial asset to be in default when internal or external information indicates that it is not probable that the Company will collect the amounts due before the Company enforces the collateral on the financial asset. The carrying amount of a financial asset is written-off if the Company has no reasonable prospects of recovering any further cash flows from the financial asset.

- ***Financial liabilities***

Initial recognition and measurement
At initial recognition, financial liabilities are classified as financial liabilities measured at FVTPL, loans, accounts payable, or derivatives designated as hedging instruments.

At initial recognition, the Company measures a financial liability at its fair value plus or minus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

The Company's financial liabilities comprise trade and other accounts payable and other financial liabilities (notes 11 and 12).

Subsequent measurement
The Company subsequently measures financial liabilities based on their classification, as follows:

Financial liabilities measured at FVTPL
Financial liabilities measured at FVTPL comprise financial liabilities held for trading and financial liabilities designated as at FVTPL.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Gains and losses are recognized in profit or loss. This category also comprises hedging instruments and derivatives that are not designated and effective hedging instruments in accordance with IFRS 9 *Financial Instruments*.

Financial liabilities designated as at FVTPL are designated as such if the criteria in IFRS 9 are met.

The Company does not have financial assets classified into this category.

Interest-bearing debts and loans
After initial recognition, interest-bearing debts and loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when liabilities are derecognized, and accrued using the effective interest method.

Amortized cost is calculated taking into consideration any discounts or premiums on acquisition and fees and costs that are an integral part of the effective interest rate. Amortization according to the effective interest method is presented in 'borrowing costs' in the separate statement of comprehensive income.

This category comprises trade and other accounts payable and other financial liabilities (notes 11 and 12).

Derecognition
A financial liability is derecognized when its contractual obligations are discharged or canceled or expire. An exchange between an existing borrower and lender of debt instruments with substantially different terms is recognized as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is recognized as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid shall be recognized in the separate statement of comprehensive income.

- ***Offsetting financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the separate statement of financial position when the Company has a legally enforceable right to set off them, and management intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(c) Fair value of financial instruments (note 25)
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company shall have access to the principal market or the most advantageous market at the measurement date.

When measuring fair value, the Company uses the assumptions that market participants would use when pricing the asset or the liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques appropriate for the measurement, for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the entire measurement as follows:

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: Unobservable inputs for the asset or liability.

For assets and liabilities measured at fair value in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between the different levels of the hierarchy by reviewing the categorization at the end of each reporting period.

Management sets out policies and procedures for recurring and non-recurring fair value measurements. At the end of each reporting period, management analyzes changes in the fair value of assets and liabilities, which shall be measured according to the Company's accounting policies.

For fair value disclosure purposes, the Company determined classes of assets and liabilities based on their nature, characteristics, and risks, and the level of the fair value hierarchy, as described above.

(d) Current and non-current financial assets and financial liabilities

The Company's assets and liabilities are presented in the separate statement of financial position and classified as current and non-current. The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve months after the reporting period; or
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

The Company classifies deferred tax assets and liabilities as non-current assets and liabilities.

(e) Foreign currency transactions (note 6 and note 24.A)

Items included in the separate financial statements are stated in thousands of *soles*. Management considers the *sol* as its functional and presentation currency since it reflects the underlying transactions, events and conditions that are relevant to the Company.

A foreign currency transaction is a transaction that is denominated or requires settlement in a foreign currency. A foreign currency transaction is recorded, at initial recognition in the functional currency, at the exchange rate ruling at the transaction date.

Monetary items stated in foreign currency are retranslated into the functional currency at the exchange rate existing at the reporting date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated at initial recognition are recognized in 'exchange difference, net' in the statement of comprehensive income in the period in which they arise.

Non-monetary items stated in foreign currency are translated using the exchange rate ruling at the transaction date.

(f) Investments in subsidiaries and others (note 9)

An investment in a subsidiary and an associate is recognized at cost less loss allowance. The Company determines whether there is objective evidence that its investment in the subsidiary and associate is impaired.

The entire carrying amount of the investment is tested for impairment, by comparing its recoverable amount with its carrying amount whenever there is an indication that the net investment may be impaired. A net investment is impaired when its carrying amount exceeds its recoverable amount. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. If, in a further period, the impairment loss decreases and such decrease can be related objectively to the occurrence of an event subsequent to impairment recognition, the reversal of the previously recognized impairment is recognized. The reversal shall not result in a carrying amount of the asset that exceeds what its amortized cost would have been at the date of reversal had the impairment not been recognized. The amount of the reversal is recognized in the separate statement of comprehensive income.

Dividend revenue from investments is recognized in profit or loss when declared.

(g) Property, plant and equipment

Vehicles and various equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses. Those are recognized in the separate statement of comprehensive income. This cost comprises costs of replacement parts and loan interest costs, provided that the recognition criteria are met.

All major inspection or overhaul costs are recognized in the separate statement of profit or loss as incurred.

Depreciation is determined using the straight-line method over the asset's useful life. The following useful lives are used to calculate depreciation:

	Years
Vehicles	5
Various equipment	4

The carrying amount of an item of vehicles and various equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an asset (determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in the separate statement of comprehensive income.

The residual value, useful life and depreciation method are reviewed and adjusted, as appropriate, at the end of each reporting period.

(h) Intangible assets (note 10)

Concession for the generation of electrical energy
A concession for the generation of electrical energy is measured initially at cost, including the right to transfer the concession and the consideration received from royalties. The cost and right to transfer are amortized over the concession term (i.e., 25 years).

Software and licenses
Software and licenses are measured initially at cost. The comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Such costs are amortized over the useful life of the intangible asset (i.e., from 1 to 10 years).

(i) Impairment of non-financial assets (notes 9 and 10)
At the end of each reporting period, the Company assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset. The recoverable amount of an asset or CGU is the higher of its fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. An asset or a CGU is impaired when its carrying amount exceeds its recoverable amount. The Company shall reduce the carrying amount of the asset or CGU to its recoverable amount. Value in use of an asset or CGU is the expected future cash flows, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. When determining fair value less costs of sale, the Company uses current market transactions that might be available. If such market transactions are not available, the Company uses a valuation technique that is appropriate in the circumstances.

Any impairment loss of an asset, including inventories, is recognized in the separate statement of comprehensive income in 'expenses' to which the credit-impaired asset belongs.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss for an asset other than goodwill is recognized immediately in the statement of comprehensive income, unless the asset is carried at revalued amount. Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase.

In measuring value in use, the Company bases cash flow projections on the most recent financial budgets/forecasts approved by management. Projections based on these budgets/forecasts shall cover a maximum period of five years. When a period greater than five years is used for a CGU, the Company uses a long-term average growth rate to extrapolate cash flow projections.

(j) Provisions

(j.1) General provision

A provision is only recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When some or all of the expense required to settle a provision is expected to be reimbursed by another party—e.g., under an insurance contract—, the reimbursement is recognized when, and only when, it is virtually certain that the reimbursement will be received. The reimbursement is treated as a separate asset.

In the separate statement of comprehensive income, the expense relating to a provision is presented net of the amount recognized for a reimbursement. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenses expected to be required to settle the obligation. When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as borrowing cost in profit or loss.

(k) Contingent assets and contingent liabilities (note 23.C)

A contingent liability is recognized depending on whether some uncertain future events occur or when the amount of the obligation cannot be measured reliably. A contingent asset is not recognized in the separate financial statements, but it is disclosed where an inflow of economic benefits is probable. When the realization of revenue is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

(l) Employee benefits (note 17)

The Company's short-term employee benefits include salaries, social security contributions, legal bonuses, performance bonuses and employees’ profit sharing. These liabilities are monthly charged to the separate statement of comprehensive income on an accrual basis.

(m) Revenue recognition (note 15)

As of December 31, 2023 and 2022, the Company's revenues from ordinary activities correspond mainly to two types of sources: royalty income and dividend income from business units, which are recognized in the separate statement of comprehensive income when the collection right has been established.

(n) Expense recognition

Expenses are recognized on an accrual basis, regardless of when it is paid, and are registered in the periods to which they relate.

(o) Taxes

Current tax (note 23.B)
Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the Tax Authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current tax that relates to items recognized directly in equity, is recognized outside comprehensive income, directly in equity. Management assesses on an ongoing basis the income tax treatment used by the Company in its income tax filings regarding situations in which the applicable tax laws are subject to interpretation. The Company recognizes a provision, as appropriate.

Deferred tax (note 13)
Deferred tax assets and liabilities are recognized for all (deductible and taxable) temporary differences—i.e., differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets and liabilities may change even though there is no change in the amount of the related temporary differences. This can result from a change in tax rates or tax laws. The resulting deferred tax is recognized in profit or loss, except to the extent that it relates to items previously recognized outside profit or loss.

A deferred tax asset and liability is measured without considering the period in which the temporary differences are expected to reverse. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. At the end of each reporting period, the Company assesses the unrecognized deferred tax assets, and recognized deferred tax assets. The Company measures deferred tax assets and liabilities at the tax rate applicable to undistributed profits. The Company recognize the income tax consequences of dividends when it recognizes a liability to pay a dividend.

The Company shall offset deferred tax assets and liabilities if it has a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and liabilities relate to income taxes levied by the same Tax Authorities.

Uncertainty over income tax treatments
The acceptability of a particular tax treatment under tax law may not be known until the relevant Tax Authorities or a court takes a decision in the future. Consequently, a dispute or examination of a particular tax treatment by the Tax Authorities may affect an entity's accounting for a current or deferred tax asset or liability.

If an entity concludes it is probable that the Tax Authorities will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax returns.

If an entity concludes it is not probable that the Tax Authorities will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty.

If an uncertain tax treatment affects current and deferred tax, an entity shall make consistent judgments and estimates for both current and deferred tax.

An entity shall reassess a judgment or estimate if the facts and circumstances on which the judgment or estimate was based change or as a result of new information that affects the judgment or estimate. An entity shall reflect the effect of a change in facts and circumstances or of new information as a change in accounting estimate.

As of December 31, 2023 and 2022, the Company did not identify uncertain tax treatments that would result in the recognition of provisions in the separate financial statements, under IFRIC 23.

Sales tax
Revenue, expenses and assets are recognized net of the amount of sales tax, except when:

- Sales tax incurred in the acquisition of goods or services is not recoverable from the Tax Authorities, in which case, it is recognized as part of costs of purchase of the asset or as part of 'expenses,' as appropriate; and
- Accounts receivable and payable are stated with the amount of sales tax included.

The net amount of sales tax expected to be recovered from or paid to the Tax Authorities is presented in 'other accounts receivable' or 'other accounts payable' in the separate statement of financial position.

(p) Earnings per share (note 22)
Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares during the period. As of December 31, 2023 and 2022, the Company does not have dilutive financial instruments; therefore, the basic and diluted earnings per share are the same.

4. Significant Accounting Judgments, Estimates and Assumptions
In preparing these separate financial statements, management has made judgments, estimates and assumptions related to determining the reported amounts of assets and liabilities, exposure of contingent assets and contingent liabilities at the reporting date, and the reported amounts income and expenses for the years ended December 31, 2023 and 2022.

Significant estimates and judgments related to the separate financial statements comprise the following:

- Estimated useful life and impairment of assets (note 3.B(g) (h) & (i)).

In management's opinion, the estimates included in the separate financial statements were made based on the best understanding of relevant facts and circumstances at the reporting date. However, actual results may differ from these estimates.

5. New IFRSs and Amendments Effective and Standards Issued but Not Yet Effective

A. New IFRSs and Amendments Effective

The following standards are applicable to annual periods beginning on or after January 1, 2023:

Effective date	New IFRS or amendments
January 1, 2023	IFRS 17 *Insurance Contracts*
	Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)
	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments)
	Definition of Accounting Estimates (Amendments to IAS 8)
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
	International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

The amendments did not have an effect on the Company's financial statements.

B. Standards Issued but Not Yet Effective

The following standards are applicable to annual periods beginning on or after January 1, 2023, early adoption is permitted and have not been applied in preparing these financial statements. The Company does not plan to early adopt the applicable standards.

Effective date	New IFRSs and amendments
January 1, 2024	*Supplier Financial Arrangements* (Amendments to IAS 7 and IFRS 7)
	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
January 1, 2025	*Lack of Exchangeability* (Amendments to IAS 21)
Early adoption permitted/ Effective date deferred indefinitely	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28)

Such standards and interpretations are not expected to have a significant effect on the Company's financial statements.

6. Foreign Currency Transactions

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, 2023, the weighted average of free-market exchange rates used in transactions in *soles* were S/ 3.705 (buy rate) and S/ 3.713 (sell rate) (2022: S/ 3.808 and S/ 3.820, respectively).

As of December 31, 2023 and 2022, the Company has the following foreign currency transactions:

In thousands of U.S. dollars	**2023**	**2022**
Assets		
Cash and cash equivalents	292	734
Trade and other accounts receivable	34,088	12,888
	34,380	**13,622**
Liabilities		
Other financial liabilities	(25,000)	-
Trade and other accounts payable	(2,518)	(1,061)
	(27,518)	**(1,061)**
Net asset position	**6,862**	**12,561**

The Company manages the exchange rate risk by monitoring and controlling the amounts of the currencies other than functional currency that are exposed to changes in the exchange rates. As of December 31, 2023 and 2022, the Company does not have foreign currency transactions. Any devaluation or revaluation of foreign currency affects the separate statement of comprehensive income.

7. Cash and Cash Equivalents

This caption comprises the following:

In thousands of soles	2023	2022
Fixed funds	837	863
Checking accounts (a)	2,207	3,563
Time deposits (b)	-	2,000
	3,044	**6,426**

(a) It corresponds to checking accounts stated in local and foreign currency and deposited at local and foreign banks with a high credit rating. They have free withdrawal option and accrue interest at market rates.

(b) It corresponds to time deposits held in local financial institutions and stated in local and foreign currency. They accrue interest at market rates and have original maturities of less than three months.

Impairment loss on cash and cash equivalents was measured at an amount equal to 12-month ECLs and reflects the short-term maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external ratings of the borrowers.

8. Trade and Other Accounts Receivable

This caption comprises the following:

		Current		Non-current	
In thousands of soles	***Note***	**2023**	**2022**	**2023**	**2022**
Trade accounts receivable					
Trade accounts receivable		583	638	-	-
Related parties					
Accounts receivable	*21(b)*	150,345	142,535	25,055	25,055
Others					
Claims to Tax Authorities , net (a)		39,568	17,834	42,789	72,088
Advanced payment of income tax (b)	*23.B(c)*	10,782	14,092	-	-
Third-party claims		3,712	3,778	-	-
VAT tax credit		-	1,955	-	-
Loans to employees		805	832	-	-
Advances to suppliers		78	209	-	-
Other accounts receivable		3,338	3,344	-	-
		209,211	**185,217**	**67,844**	**97,143**
Less: Expected credit loss (c)		(7,327)	(7,329)	-	-
		201,884	**177,888**	**67,844**	**97,143**

(a) As of December 31, 2023 and 2022, the balance corresponds to payments under protest made by the Company to the Tax Authorities for S/. 82,357,000 and S/. 89,922,000, respectively. These payments were made to continue with the claim processes to the appropriate authorities, mainly related to income tax, mining royalties and the retirement fund for mining, metallurgical and steel workers.

It is the opinion of management and its legal advisors that there are sufficient legal grounds to determine that it is probable that these assets will be recovered in the short and long term (note 23.C.(a)).

(b) As of December 31, 2023 and 2022, it corresponds to the credit balance of down payments of income tax and expenses for temporary tax on net assets. In management's opinion, down payments of income tax will be applied against future taxes levied in the current period.

(c) Movement in the loss allowance for trade and other accounts receivable is as follows:

In thousands of soles	***Note***	**2023**	**2022**
Opening balance		7,329	7,384
Provisions	*16*	47	10
Reversals	*18*	(27)	(29)
Exchange difference		(22)	(36)
Closing balance		**7,327**	**7,329**

In management's opinion, accounts receivable are not exposed to default risk, except for provision for accounts receivable.

In management's opinion, the loss allowance and the specific provision for trade accounts receivable adequately hedges the default risk as of December 31, 2023 and 2022.

(d) As of December 31, 2023 and 2022, the Company assessed the exposure to credit risk of trade accounts receivable (note 24.B).

As of December 31, 2023 and 2022, the aging of trade and other accounts receivable is as follows:

In thousands of soles	**2023**	**2022**
Neither past due nor impaired	267,646	250,588
Less than 30 days	-	7
31-90 days	589	-
91-180 days	1	105
More than 180 days	1,492	24,331
Impaired	7,327	7,329
	277,055	**282,360**

9. Investments in Subsidiaries and Others

This caption comprises the following:

				Interests (%)		Carrying amount	
In thousands of soles	*Note*	**Economic activity**	**Country of origin (e)**	**Closing balance 2023**	**Closing balance 2022**	**Closing balance 2023**	**Closing balance 2022**
Investments in subsidiaries (a)							
UNACEM Perú S.A.		Production and sale of cement	Peru	100.00%	100.00%	2,156,486	2,156,486
Inversiones Imbabura S.A.		Holding	Peru	99.99%	99.99%	1,566,384	1,516,724
Skanon Investments Inc.		Production and sale of cement and concrete	United States	95.85%	95.84%	1,465,196	1,459,013
Compañía Eléctrica El Platanal S.A.		Power and energy	Peru	90.00%	90.00%	567,829	567,829
UNACEM Chile S.A.		Production and sale of cement	Chile	99.89%	99.89%	122,378	122,378
Inversiones Nacionales y Multinacionales Andinas S.A.		Real estate services	Peru	99.81%	99.77%	102,538	81,845
Digicem S.A.		IT Services	Peru	99.99%	99.99%	75,820	30,130
Inversiones en Concreto y Afines S.A.		Holding	Peru	93.38%	93.38%	67,036	67,036
ARPL Tecnología Industrial S.A.		Engineering and technical support services	Peru	100.00%	100.00%	32,071	32,071
Minera Adelaida S.A.		Mining of non-ferrous metalliferous minerals	Peru	100.00%	100.00%	31,183	30,980
Prefabricados Andinos S.A.	*27*	Production and sale of modular buildings	Chile	50.00%	50.00%	19,628	19,628
Prefabricados Andinos Perú S.A.C.		Production and sale of modular buildings	Peru	50.00%	50.00%	17,527	17,527
Depósito Aduanero Conchán S.A.		Warehousing services	Peru	99.99%	99.99%	3,913	3,913
Vigilancia Andina S.A.		Surveillance services	Peru	55.50%	55.50%	2,308	2,308
Generación Eléctrica Atocongo S.A.		Power plant operation services	Peru	99.85%	99.85%	125	125
Other investments (a)							
Ferrocarril Central Andino S.A.		Transportation services	Peru	16.49%	16.49%	3,273	3,273
Ferrovías Central Andino S.A.		Transportation services	Peru	15.00%	15.00%	2,762	2,762
Compañía de Inversiones Santa Cruz S.A.		Real estate services	Peru	8.85%	8.85%	180	180
Others						275	273
						6,236,912	**6,114,481**
Provision for inventory obsolescence (c)						(42,284)	(40,475)
						6,194,628	**6,074,006**

(a) Movement in this caption was as follows:

In thousands of soles	*Note*	**2023**	**2022**
Opening balance		6,074,006	6,057,206
Contributed capital (i)		99,100	18,873
Capitalization of debt (ii)		23,331	-
Impairment of investments	*18*	(1,809)	(2,073)
Closing balance		**6,194,628**	**6,074,006**

(i) In 2023, the Company made capital contributions mainly to its subsidiaries: Inversiones Imbabura S.A. for S/. 49,660,000, Skanon Investments Inc. for S/ 6,183,000 (equivalent to US $ 1,625,000), Digicem S.A. for S/ 33,187,000 and Inversiones Nacionales y Multinacionales Andinas S.A. for S/ 9,865,000.

In 2022, the Company made capital contributions mainly to its subsidiary Skanon Investments Inc. in the amount of S/. 18,739,000 (equivalent to US$ 4,875,000).

(ii) In 2023, the Company made capitalizations of debt mainly to the subsidiaries: DIGICEM S.A. for S/ 12,503,000 and Inversiones Nacionales y Multinacionales Andinas S.A. for S/ 10,828,000.

(b) In 2023 and 2022, the Company received dividends from its subsidiaries for S/ 322,869,000 and S/ 356,241,000, respectively (note 21 (a)). Also, during the years 2023 and 2022, the Company has collected approximately S/ 347,678,000 and S/ 381,275,000, respectively.

(c) As of December 31, 2023 and 2022, the detail of the impairment in subsidiaries are as follows:

In thousands of soles	**2023**	**2022**
Digicem S.A.	29,097	29,097
Prefabricados Andinos S.A.	5,016	3,207
Depósito Aduanero Conchán S.A.	3,459	3,459
Minera Adelaida S.A.	3,210	3,210
Prefabricados Andinos Perú S.A.C.	1,502	1,502
Closing balance	**42,284**	**40,475**

(d) In 2023 and 2022, the Company performed an impairment test for this investment using cash flow projections derived from the financial budgets approved by management, and the applicable discount rate.

The key assumptions used in testing impairment for each CGU are the following:

CGU	**Discount rate**	**Growth rate Long-term portion**	**EBITDA margin Long-term portion**
Skanon Investments Inc.	6.42%	4.41%	27.00%
Inversiones Imbabura S.A.	10.48%	5.19%	36.00%

As of December 31, 2023 and 2022, the carrying amount of this investment has been compared to the recoverable amount and management has determined that no impairment provision is necessary.

Sensitivity to changes in the key assumptions
The key assumptions described above may change if there is a change in the market and economic conditions. A reasonably possible change in a key assumption on which management based its determination of the unit's recoverable amount would cause its carrying amount to exceed its recoverable amount.

(e) The subsidiaries and other affiliates are domiciled in the country where they were incorporated.

(f) The following is a summary of the main financial data as of December 31, 2023 and 2022 of the consolidated or individual financial statements of the main subsidiaries:

	Assets		**Liabilities**		**Net equity**		**Sales**		**Profit (loss)**	
In thousands of soles	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
UNACEM Peru S.A.	4,814,555	4,721,849	2,346,119	2,370,281	2,468,436	2,351,568	2,743,791	2,834,826	388,482	421,455
Inversiones Imbabura S.A. and Subsidiaries (g)	2,115,492	2,111,268	437,904	479,659	1,677,588	1,631,609	606,336	685,011	38,614	60,123
Skanon Investments, Inc. and Subsidiaries (h)	3,278,887	1,914,037	2,276,127	831,985	1,002,760	1,082,052	1,063,908	973,846	(4,747)	66,517
Compañía Eléctrica el Platanal S.A. and Subsidiaries (i)	2,015,224	1,202,940	1,156,759	378,617	858,465	824,323	777,349	427,750	32,523	57,938
Inversiones en Concreto y Afines S.A. and Subsidiaries (j)	1,012,503	1,001,972	586,303	583,918	426,200	418,054	1,464,467	1,428,589	20,564	14,508
UNACEM Chile S.A. and Subsidiaries (k)	321,165	305,998	235,363	206,526	85,802	99,472	199,009	167,845	(8,621)	(16,985)
Inversiones Nacionales y Multinacionales Andinas S.A. - INMA	128,883	120,730	16,683	27,496	112,200	93,234	4,361	1,889	(1,713)	(778)
Prefabricados Andinos S.A. - PREANSA Chile	82,159	109,860	80,350	96,595	1,809	13,265	84,599	63,747	(8,485)	1,742
Prefabricados Andinos Perú S.A.C. and Subsidiary (l)	64,181	55,592	54,798	50,679	9,383	4,913	45,647	36,692	1,635	(3,248)
ARPL Tecnología Industrial S.A.	65,831	61,189	13,557	11,420	52,274	49,769	61,862	54,927	15,927	14,116
Generación Eléctrica de Atocongo S.A. – GEA	17,538	26,746	16,348	25,347	1,190	1,399	3,780	3,420	(209)	570
Minera Adelaida S.A.	29,547	28,581	3,544	1,753	26,003	26,828	-	-	(1,023)	(882)
Vigilancia Andina S.A. – VASA	12,655	12,206	4,308	4,440	8,347	7,766	44,530	43,020	593	851
Depósito Aduanero Conchan S.A. - DECOSA	1,922	2,069	693	939	1,229	1,130	3,694	3,402	99	207
Digicem S.A. - DIGICEM	38,838	16,306	3,674	16,199	35,164	107	2,182	14	(10,511)	(925)
Naviera Conchán S.A. – NAVIERA	16	14	27	14	(11)	-	-	-	(13)	(16)
Calcem S.A. - CALCEM	6	-	18	-	(12)	-	-	-	(13)	-

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

On the Shareholders' Meeting held on May 10, 2021, UNICON Peru approved the sale of 100% of its shares in UNICON Ecuador to IMBABURA for approximately S/ 51,114,000 (equivalent to US $ 13,000,000). Additionally, on July 9, 2021, the merger of UNACEM Ecuador as the absorbing company and UNICON Ecuador as the absorbed company was approved by the Superintendency of Companies of Ecuador on December 12, 2022. Likewise, it was registered in the commercial register of Ecuador on January 31, 2023; consequently, the merger became effective on February 1, 2023.

(h) The subsidiaries of Skanon Investments Inc. are Drake Cement L.L.C., Tehachapi Cement L.L.C (note 1), Sunshine Concrete & Materials Inc. which controls the subsidiaries Maricopa Ready Mix L.L.C., Drake Aggregates L.L.C., Desert Ready Mix and Desert Aggregates.

(i) The subsidiaries of Compañía Eléctrica el Platanal S.A. (CELEPSA) are Celepsa Renovables S.R.L. (CERE), Termochilca S.A.C. (note 1), Ambiental Andina S.A.C. and Ecorer S.A.C.

(j) The subsidiary of Inversiones en Concreto y Afines S.A. (INVECO) is Unión de Concreteras S.A., which controls the subsidiaries Concremax S.A., Entrepisos Lima S.A. and UNICON Chile S.A.

(k) The subsidiary of UNACEM Chile S.A. is Inversiones Mel20 Limitada.

(l) The subsidiary of Prefabricados Andinos Perú S.A.C. is Prefabricados Andinos Colombia S.A.

10. Intangible Assets

This caption comprises the following:

In thousands of soles	***Note***	**Concession for the generation of electrical energy (a)**	**Computer software**	**Others**	**Total**
Costs					
As of January 01, 2022		61,329	20,108	2,740	84,177
Additions		-	-	1,074	1,074
As of December 31, 2022		**61,329**	**20,108**	**3,814**	**85,251**
Additions		-	4,173	-	4,173
As of December 31, 2023		**61,329**	**24,281**	**3,814**	**89,424**
Accumulated amortization					
As of January 01, 2022		41,721	16,836	2,070	60,627
Amortization	*16*	1,484	737	1,464	3,685
As of December 31, 2022		**43,205**	**17,573**	**3,534**	**64,312**
Amortization	*16*	1,484	738	182	2,404
As of December 31, 2023		**44,689**	**18,311**	**3,716**	**66,716**
Net carrying amount					
As of December 31, 2023		**16,640**	**5,970**	**98**	**22,708**
As of December 31, 2022		**18,124**	**2,535**	**280**	**20,939**

(a) It corresponds to expenses to execute the project "El Platanal hydroelectric station" related to the construction of two hydroelectric stations and an irrigation system for undeveloped land, as well as to obtain the definitive concession for the generation of electrical energy, which was obtained by the Company through Supreme Resolution 130-2001-EM, dated July 25, 2001. Supreme Resolution 036-2003-EM, dated October 2, 2003, approved the division of the definitive concession for the generation of electrical energy into two separate concessions: G-1 El Platanal hydroelectric station that has a capacity of 220 megawatts and G-2 Morro de Arica hydroelectric station that has a capacity of 50 megawatts. Supreme Resolution 053-2006-EM, dated September 12, 2006, approved the transfer of the project "El Platanal hydroelectric station" to Compañía Eléctrica El Platanal S.A. (CELEPSA) for a 25-year term from March 30, 2011. Accordingly, the Company receives royalty payments as consideration calculated based on the 3.55% of the monthly net profit obtained by CELEPSA from the sale of energy and power to third parties. As of December 31, 2023 and 2022, the Company has the concession related to the G-1 El Platanal hydroelectric station. In 2017, the G-2 Morro de Arica hydroelectric station was dropped and it is fully amortized.

11. Trade and Other Accounts Payable

This caption comprises the following:

In thousands of soles	***Note***	**2023**	**2022**
Dividends payable	*26*	18,927	15,338
Value added tax payable		10,538	-
Compensation and vacation payable		10,081	6,910
Trade accounts payable (a)		9,607	4,583
Interest payable	*12(b) & (f)*	8,646	9,953
Accounts payable to related parties	*21(b)*	7,806	8,834
Key management personnel compensation payable		2,168	2,381
Contingencies payable		736	736
Social security contributions payable		193	391
Other accounts payable		882	1,313
		69,584	**50,439**
Term			
Current portion		66,081	48,852
Non-current portion		3,503	1,587
		69,584	**50,439**

(a) As of December 31, 2023 and 2022, trade accounts payable arise from administrative services. They are stated in local and foreign currency, have current maturity, do not accrue interest and do not have specific collaterals.

12. Other Financial Liabilities

(a) As of December 31, 2023 and 2022, it corresponds to the following:

	As of December 31, 2023			As of December 31, 2022		
In thousands of soles	**Current portion**	**Non-current portion**	**Total**	**Current portion**	**Non-current portion**	**Total**
Bank promissory notes (b)	92,713	-	92,713	-	-	-
Bonds (c)	-	-	-	18,815	-	18,815
Bank loans (d)	242,114	707,933	950,047	121,242	950,047	1,071,289
	334,827	**707,933**	**1,042,760**	**140,057**	**950,047**	**1,090,104**

(b) As of December 31, 2023, the bank promissory note corresponds to a working capital financing obtained from Scotiabank Perú and has no specific guarantees. Interest expense for bank promissory notes amounted to S/. 31,000. It is recognized in 'trade and other accounts payable' in the separate statement of financial position (note 11).

As of December 31, 2023 and 2022, interest expense for promissory notes amounted to S/. 4,287,000 and S/. 1,226,000, respectively. It is recognized in ‘Financial expenses’ in the separate statement of comprehensive income (note 20).

(c) As of December 31, 2023 and 2022, corporate bonds are as follows:

In thousands of soles	**Effective annual interest rate**	**Maturity date**	**2023**	**2022**
Corporate bonds				
2nd issuance – Second program	5.16%	March 2023	-	18,815
			-	**18,815**

(d) As of December 31, 2023 and 2022, bank loans are as follows:

In thousands of soles	Maturity date	Original amount	Currency	Use of funds	As of December 31, 2023	As of December 31, 2022
Bank loans						
Banco de Crédito del Perú S.A.	October 2026	502,500	PEN	Redemption – overseas	360,906	396,600
Scotiabank Perú S.A.A.	January 2027	671,547	PEN	Debt refinancing	268,205	307,416
BBVA Banco Continental S.A.	January 2027	533,357	PEN	Debt refinancing	239,828	274,890
Banco Internacional del Perú S.A.A.	January 2027	228,385	PEN	Debt refinancing	84,119	96,417
					953,058	**1,075,323**
Amortized cost					(3,011)	(4,034)
					950,047	**1,071,289**

As of December 31, 2023 and 2022, the Company has granted its guarantee for the bank loans transferred to UNACEM Perú S.A.A. up to a limit of S/ 779,232,000 and S/ 1,015,430,000, respectively.

(e) The financial safeguards applicable to local financial liabilities are monitored quarterly and calculated based on quarterly financial information: (i) combined of the Company and its subsidiary UNACEM Peru S.A. and (ii) consolidated of the Company; considering the calculation methodologies required by each financial institution.

In management's opinion, the Company complied with the covenants as of December 31, 2023 and 2022.

(f) As of December 31, 2023 and 2022, interest payable on medium and long-term bonds and debts amounted to S/ 8,615,000 and S/ 9,953,000, respectively. It is recognized in 'trade and other accounts receivable' in the separate statement of financial position (note 11).

As of December 31, 2023 and 2022, interest expense for medium and long-term bonds and debts amounted to S/ 45,770,000 and S/ 50,007,000, respectively. It is recognized in 'financial expenses' in the separate statement of profit or loss (note 20).

(g) As of December 31, 2023 and 2022, the Company had bank loans in local currency (*soles)* at effective annual rates ranging from 4.30% to 4.92%.

13. Deferred Income Tax Assets

This caption comprises the following:

In thousands of soles	As of January 01, 2022	Debit (credit) to separate statement of comprehensive income	As of December 31, 2022	Debit (credit) to separate statement of comprehensive income	As of December 31, 2023
Deferred assets					
Loss allowance for investments	4,080	612	4,692	534	5,226
Difference in tax basis of amortization of intangible assets	1,558	493	2,051	493	2,544
Gains on sale of shares	1,863	-	1,863	6	1,869
Provision for holidays	-	228	228	22	250
Other provisions	2,347	1,319	3,666	4,753	8,419
	9,848	**2,652**	**12,500**	**5,808**	**18,308**
Deferred liabilities					
Increase in purchase price of shares	(5,296)	5,296	-	-	-
Deferred commissions of financial obligations	(1,492)	302	(1,190)	380	(810)
	(6,788)	**5,598**	**(1,190)**	**380**	**(810)**
Deferred tax assets, net	**3,060**	**8,250**	**11,310**	**6,188**	**17,498**

(a) In 2023 and 2022, tax expense presented in the separate statement of comprehensive income is as follows:

In thousands of soles	2023	2022
Current	(17,865)	(26,226)
Deferred	6,188	8,250
	(11,677)	**(17,976)**

(b) The reconciliation of the effective tax rate was as follows:

In thousands of soles	2023		2022	
Profit before tax	**371,234**	**100.00%**	**430,418**	**100.00%**
Income tax according to tax rate	109,514	29.50%	126,973	29.50%
Tax effects of permanent accounts	(103,978)	(28.01%)	(115,420)	(26.82%)
Others	6,141	1.65%	6,423	1.49%
Income tax expense	**11,677**	**3.15%**	**17,976**	**4.18%**

(*) For the period ended December 31, 2023, corresponds mainly to exempt dividend income amounting to approximately S/ 95,243,000 (taxable income S/ 322,869,000 (note 15)). As of December 31, 2022, corresponds mainly to dividend exempt income amounting to approximately S/ 105,091,000 (taxable income S/ 356,241,000 (note 15)).

14. Equity

A. Issued Capital

As of December 31, 2023 and 2022, the subscribed and paid-in capital is represented by 1,780,000,000 and 1,818,127,611, respectively, ordinary shares at a face value of S/ 1 each. The Company's ordinary shares are listed in the Lima Stock Exchange.

On August 31, 2023, the General Shareholders' Meeting approved the reduction of the Company's share capital from S/ 1,818,127,611 to S/ 1,780,000,000, such reduction was registered with the SUNARP on November 13, 2023. For further details, see note 14. C.

As of December 31, 2023		
Shareholder	**Number of shares**	**Interests (%)**
Inversiones JRPR S.A.	483,489,609	27.16
Nuevas Inversiones S.A.	459,129,497	25.79
Pension Fund Administrators	422,287,829	23.73
Others	415,093,065	23.32
	1,780,000,000	**100.00**

As of December 31, 2022		
Shareholder	**Number of shares**	**Interests (%)**
Inversiones JRPR S.A.	483,489,609	26.59
Nuevas Inversiones S.A.	459,129,497	25.25
Pension Fund Administrators	470,622,191	25.89
Others	404,886,314	22.27
	1,818,127,611	**100.00**

As of December 31, 2023, the share price of each ordinary share was S/ 1.52 (2022: S/ 1.80).

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 August 20, 2021, approved the purchase of shares for up to S/ 36,400,000, without exceeding 2% of issued shares, which was extended on December 22, 2021, June 28, 2022 and December 28, 2022, extending the term of the purchase program until June 30, 2023.

The Board of Directors' Meeting, held June 28, 2023, agreed to extend the program until June 30, 2025, increasing the maximum amount to S/ 112,000,000, without exceeding 4% of issued shares. In addition, the Board of Directors expressly empowered the management to establish the terms and conditions of the program and to carry out the necessary actions to execute it.

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.

Likewise, on August 31, 2023, the General Shareholders' Meeting approved the amortization of 38,127,611 treasury shares generated by the program and the consequent reduction of the Company's share capital from S/ 1,818,127,611 to S/ 1,780,000,000; charging the excess paid over the nominal value for the 38,127,611 shares to be amortized, amounting to S/ 26,808,000, to the retained earnings account.

As of December 31, 2023, the Company holds 14,828,000 treasury shares equivalent to S/ 22,948,000 (12,967,000 treasury shares equivalent to S/ 23,530,000, as of December 31, 2022).

D. Legal reserve
According to the Companies Act, the Company 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 or may be capitalized, but it shall be refunded in both cases. As of December 31, 2023 and 2022, the legal reserve equals 20% of capital.

E. Dividend distribution
This caption comprises the following:

2023 dividends

Date of Board of Directors' Meeting	Dividends declared PEN (000)	Date of payment	Dividends per ordinary share
January 25, 2023	36,103	February 27,.2023	0.020
April 27, 2023	36,102	May 31, 2023	0.020
July 26, 2023	36,099	August 31, 2023	0.020
October 23, 2023	35,464	November 28, 2023	0.020
	143,768		

2022 dividends

Date of Board of Directors' Meeting	Dividends declared PEN (000)	Date of payment	Dividends per ordinary share
January 26, 2022	36,194	January 28, 2022	0.020
April 27, 2022	54,202	May 30, 2022	0.030
July 26, 2022	36,111	August 31, 2022	0.020
October 26, 2022	36,103	November 29, 2022	0.020
	162,610		

As of December 31, 2023 and 2022, dividends payable amount to S/ 18,927,000 and S/ 15,338,000, respectively (note 11).

The General Shareholders' Meeting, held December 14, 2021, agreed to replace the dividend policy approved by the General Shareholders' Meeting, held March 31, 2015, with a new dividend policy. It consisted of the quarterly distribution of dividends in cash (soles or U.S. dollars) from US$ 0.005 to US$ 0.010 per share issued by the Company. They are charged to 'retained earnings.'

15. Revenue

This caption comprises the following:

In thousands of soles	*Note*	2023	2022
Dividend income	*21(a)*	322,869	356,241
Royalty revenue	*21(a)*	192,322	178,371
		515,191	**534,612**
Timing of transfer of goods or services			
Services transferred at a point in time		515,191	534,612
		515,191	**534,612**

16. Administrative Expenses

This caption comprises the following:

In thousands of soles	*Note*	2023	2022
Third-party services		52,593	23,862
Personnel expenses	*17(a)*	31,036	27,458
Amortization of intangible assets	*10*	2,404	3,685
Taxes		2,142	1,952
Donations		211	10
Depreciation		49	71
Expected credit losses	*8(c)*	47	10
Others		983	431
		89,465	**57,479**

17. Personnel Expenses

In thousands of soles	2023	2022
Compensation	21,579	13,550
Fees and expense allowance for Board of Directors	3,750	4,389
Legal bonuses	1,546	1,397
Severance payment	1,139	879
Social security contributions	1,135	849
Health care	865	241
Holidays	864	1,311
Employees' profit sharing	-	4,117
Others	167	725
	31,045	**27,458**

(a) Personnel expenses are allocated as follows:

In thousands of soles	Note	2023	2022
Administrative expenses	*16*	31,036	27,458
Other expenses	*18*	9	-
		31,045	**27,458**

In 2022, the average number of employees was 18 (2022: 17).

18. Other Income and Expenses

This caption comprises the following:

In thousands of soles	Note	2023	2022
Other income			
Recovery due to SUNAT claims	*23.C(a)*	3,657	3,238
Reversal of provision due to SUNAT claims		-	5,606
Recovery due to expected credit losses	*8(c)*	27	29
Other income		2,237	4,507
		5,921	**13,380**
Other expenses			
Impairment of investments	*9(a)*	1,809	2,073
Personnel expenses	*17(a)*	9	-
Other expenses		4,038	3,982
		5,856	**6,055**
		65	**7,325**

19. Financial Income

This caption comprises the following:

In thousands of soles	Note	2023	2022
Interest on related-party loans	*21(a)*	10,336	1,945
Interest on deposits		130	206
Others		710	7
		11,176	**2,158**

20. Financial expenses

This caption comprises the following:

In thousands of soles	*Note*	2023	2022
Interest on long-term bonds and debts	*12(f)*	45,770	50,007
Interest on tax claims (a)		7,182	-
Interest on related-party loans	*21(a)*	5,650	1,241
Interest on promissory notes	*12(b)*	4,287	1,226
Structuring fee for other financial liabilities		1,287	1,026
Others		178	415
		64,354	**53,915**

(a) In 2023, the Judicial Branch declared unfounded the appeal for Income Tax 2004-2005, for which the Company incurred in interest on tax obligations for S/. 7,079,000.

21. Related Party Transactions

(a) The related party transactions are as follows:

In thousands of soles	*Note*	2023	2022
Revenue			
Dividend income	*15*		
UNACEM Perú S.A.		271,054	240,109
Inversiones Imbabura S.A.		26,313	84,945
ARPL Tecnología Industrial S.A.		13,243	10,554
Compañía Eléctrica El Platanal S.A.		8,852	17,527
Inversiones en Concreto y Afines S.A.		3,407	3,106
Royalty revenue	*15*		
UNACEM Perú S.A.		112,491	119,467
Skanon Investments Inc.		34,664	-
UNACEM Ecuador S.A.		24,213	26,267
Unión de Concreteras S.A.		10,064	14,366
Compañía Eléctrica El Platanal S.A.		8,732	6,991
Concremax S.A.		2,192	2,729
UNACEM Chile S.A.		-	4,131
UNICON Chile S.A.		-	4,420
Revenue from sale of clinker			
UNACEM Chile S.A.		-	22,671
Revenue from interest on loans granted to related parties	*19*		
Compañía Eléctrica El Platanal S.A.		4,497	-
Prefabricados Andinos Perú S.A.C.		1,809	1,527
Digicem S.A.		2,301	78
Inversiones Nacionales y Multinacionales Andinas S.A.		1,678	282
Generación Eléctrica de Atocongo S.A.		24	12
Inversiones Imbabura S.A.		14	18
UNACEM Perú S.A.		13	28

In thousands of soles	**Note**	**2023**	**2022**
Other revenues and refunds			
UNACEM Perú S.A.		10,747	50,670
Compañía Eléctrica El Platanal S.A.		581	-
UNACEM Ecuador S.A.		218	-
Drake Cement L.L.C.		144	-
Others		169	99
Acquisitions and expenses			
Surveillance services			
Vigilancia Andina S.A.		667	561
Administrative support services			
UNACEM Perú S.A.		1,896	360
Interest expense on loans received from related parties	*20*		
UNACEM Perú S.A.		5,650	1,241
Others			
UNACEM Ecuador S.A.		3,207	2,017
Inversiones Nacionales y Multinacionales Andinas S.A.		2,158	324
UNACEM Perú S.A.		1,921	515
Compañía Eléctrica El Platanal S.A.		1,746	45
ARPL Tecnología Industrial S.A.		272	-
UNACEM Chile S.A.		324	379
Drake Cement L.L.C.		56	33

(b) As of December 31, 2023 and 2022, the Company has the following related party balances:

In thousands of soles	**Note**	**As of December 31, 2023**	**As of December 31, 2022**
Accounts receivable			
Prefabricados Andinos Perú S.A.C.		3,889	2,416
Unión de Concreteras S.A.		612	23
UNACEM Perú S.A.		18	3,496
UNACEM Chile S.A.		11	21,597
Drake Cement L.L.C.		-	437
Others		523	295
		5,053	**28,264**
Dividends receivable			
Inversiones Imbabura S.A.		13,417	8,119
UNACEM Perú S.A.		11,000	41,354
		24,417	**49,473**
Royalties receivable (c)			
Skanon Investments Inc.		9,702	-
UNACEM Perú S.A.		8,677	31,042
UNACEM Ecuador S.A.		4,460	5,103
Unión de Concreteras S.A.		2,837	3,914
Compañía Eléctrica El Platanal S.A.		1,472	1,388
Concremax S.A.		651	735
UNACEM Chile S.A.		-	1,170
UNICON Chile S.A.		-	1,048
		27,799	**44,400**

In thousands of soles	*Note*	As of December 31, 2023	As of December 31, 2022
Loans receivable (d)			
Compañía Eléctrica El Platanal S.A.		92,506	-
Prefabricados Andinos Perú S.A.C.		25,055	25,055
Inversiones Nacionales y Multinacionales Andinas S.A.		350	9,692
Generación Eléctrica de Atocongo S.A.		220	220
Digicem S.A.		-	10,486
		118,131	**45,453**
Total accounts receivable	*8*	**175,400**	**167,590**
Term			
Current portion		150,345	142,535
Non-current portion		25,055	25,055
		175,400	**167,590**
Accounts payable			
Inversiones en Concreto y Afines S.A.		6,448	6,448
UNACEM Ecuador S.A.		753	2,001
UNACEM Chile S.A.		325	-
Inversiones Nacionales y Multinacionales Andinas S.A.		115	35
UNACEM Perú S.A.		-	135
Others		165	215
Total accounts payable	*11*	**7,806**	**8,834**

(c) Royalties receivable are from its main subsidiaries and range from 1.0 percent to 4.5 percent of each subsidiary's revenues from ordinary activities.

(d) Correspond to loans with effective annual interest rates of up to 6.66 percent in dollars and up to 10.60 percent in soles, which mature between January 2024 and December 2025 and do not have specific guarantees.

(e) As of December 31, 2023, the total key management personnel compensation amounted to S/ 20,291,000 (2022: S/ 15,529,000). It includes short-term employee benefits and severance payment.

The Company enters into related party transactions on terms equivalent to those that prevail in arm's length transactions; therefore, there is no difference in pricing policies or tax bases. Policies related to payment terms are not different from policies used in arm's length transactions.

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.

In thousands of	**Outstanding shares**	**Basic earnings for the weighted average**	**Number of days in the periods**	**Weighted average number of ordinary shares**
Year 2023				
Balance as of January 1, 2023	1,805,161	1,805,161	365	1,805,161
Acquisition of treasury shares	(39,989)	(39,989)	192	(21,035)
Balance as of December 31, 2023	**1,765,172**	**1,765,172**	**-**	**1,784,126**
Profit of the year (in thousands of soles)	**-**	**-**	**-**	**359,557**
Net basic and diluted earnings per share (in soles)	**-**	**-**	**-**	**0.202**

In thousands of	**Outstanding shares**	**Basic earnings for the weighted average**	**Number of days in the periods**	**Weighted average number of ordinary shares**
Year 2022				
Balance as of January 1, 2022	1,810,835	1,810,835	365	1,810,835
Acquisition of treasury shares	(5,674)	(5,674)	245	(3,809)
Balance as of December 31, 2022	**1,805,161**	**1,805,161**	**-**	**1,807,026**
Profit of the year (in thousands of soles)	**-**	**-**	**-**	**412,442**
Net basic and diluted earnings per share (in soles)	**-**	**-**	**-**	**0.228**

As of December 31, 2023 and 2022, the Company holds 14,828,000 and 12,967,000 treasury shares with an average of 635 days and 333 days, respectively.

23. Contingencies and Commitments

A. Financial commitments

As of December 31, 2023, the Company has the following financial commitments:

- A corporate guarantee granted jointly by Unacem Corp, Unacem Perú S.A., Desert Ready Mix and Desert Agregates on behalf of the subsidiary Skanon Investments to the syndicate loan for the acquisition of Tehachapi Cement, for a total of US$ 345,000,000. It matures in October 2026.

- Various letters of guarantee on behalf of the Tax Authorities (SUNAT) for S/ 57,633,000 to ensure the income tax obligations of 2008 and 2010. It matures in October 2024.

B. Tax Matters

Tax rates

(a) The Company is subject to the Peruvian tax law. As of December 31, 2023 and 2022, the corporate income tax is calculated on the basis of the net taxable profits determined by the Company at a rate of 29.5%.

The income tax rate is applicable to dividend distribution and any other form of profit distribution to 5% for profits generated and distributed from January 1, 2017.

Tax Assessment

(b) The Tax Authorities are entitled to audit and, if applicable, to correct the income tax calculated by the Company within the four years following the year of the tax return filing. The Company's income tax return for the years 2019 to 2023, and monthly sales tax returns for the periods from December 2019 to December 2023 are open for review by the Tax Authorities.

Currently, a definitive audit process for the 2018 income tax return is in its initial stage.

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 Company. 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 will not be significant for the financial statements as of December 31, 2023 and 2022.

(c) As of December 31, 2023 and 2022, the net income tax credit balance of S/. 10,782,000 and S/ 14,092,000, is presented in "Trade and other accounts receivable" in the separate statement of financial position (note 8).

Temporary tax on net assets

(d) The tax rate is 0.4% for the years 2023 and 2022 and is applied to the amount of net assets exceeding S/ 1 million. It may be paid in cash or in nine consecutive monthly installments. The paid amount may be used as a credit against income tax paid. In the event a remaining balance is not applied, its refund may be requested.

In 2023, the Company determined that the temporary tax on net assets amounts to S/ 7,743,000 (2022: S/ 20,653,000). The temporary tax on net assets for 2022 was partially applied for S/ 11,743,000 and the amount of S/ 8,910,000 was refunded by SUNAT.

Transfer pricing

(e) 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.

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, 2023 and 2022 from the application of such regulations.

Sales Tax Regime

(f) As of December 31, 2023 and 2022, in accordance with the Peruvian tax regime, the sale tax rate is 18%.

C. Contingencies

In the normal course of business, the Company had various tax, legal (labor and administrative) and regulatory claims, which are recognized and disclosed in accordance with IFRSs (note 3.B(k)).

(a) Tax proceedings

As a result of the tax assessments, the Company received various resolutions related to alleged failure to meet tax payments from the Tax Authorities. In some cases, the Company 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.

As of December 31, 2023 and 2022, the main tax proceedings pending before the Tax Administration are related to the following:

- Income tax for the years 2000, 2001, 2004, 2005 and 2009.
- Contribution to the retirement fund for mining, metallurgical and steel workers for the years from 2013 to 2017.
- Mining royalties of the former Cementos Lima S.A.A. for the years 2008 and 2009.
- Mining royalties of the former Cemento Andino. for the year 2008.

In 2023, the Company was able to recover the overpayment of sales tax corresponding to the period February 2001 (which was shown as part of the balance of claims to SUNAT as of December 31, 2022 for S/. 7,896,000 paid and fully provided for in prior periods), for S/ 3,657,000, which was recorded in other income (note 18).

In 2023, the Company was able to recover the fine imposed by the income tax audit for the year 2013 (which was shown as part of the balance of claims to SUNAT as of December 31, 2021), for S/ 7,129,000, plus the corresponding interest for S/ 3,238,000, which was recorded in other income (note 18).

As of December 31, 2023 and 2022, the Company has accounts receivable from such tax proceedings (note 8(a)). It is the opinion of management and its legal advisors that the Company will obtain a favorable outcome.

24. Financial Risk Management

The Company is exposed to market, credit and liquidity risks.

The senior management is responsible for monitoring the management of such risks. Accordingly, it has the support of the Financial Management, which advises on financial risks and appropriate corporate governance framework for managing the Company's financial risks. The Financial Management provides assurance to the senior management that the financial risk-taking activities are regulated by appropriate corporate policies and procedures, and that the financial risks are identified, measured and managed in accordance with these policies and the Company's preferences at the time of taking risks.

The Board of Directors reviews and agrees on the policies to manage each risk.

A. Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments fluctuates as a result 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, bank loans, other financial liabilities and hedging instruments. The objective of market risk management is to manage and control exposures to market risk within acceptable parameters, while optimizing the return.

The sensitivity analyses disclosed in the following notes are related to the financial position as of December 31, 2023 and 2022.

The Company prepared sensitivity analyzes based on the proportion of financial instruments stated in foreign currency, as of December 31, 2023 and 2022.

i. Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of financial instruments fluctuates as a result of changes in the exchange rates. The Company is exposed to exchange rate risk from its operating activities (when income and expenses are stated in a currency other than its functional currency).

Management monitors this risk through the analysis of macroeconomic factors. As of December 31, 2023 and 2022, since management assumed this risk, it did not enter into transactions using hedging instruments.

In 2023 and 2022, the foreign currency balances resulted in a net loss for S/ 1,379,000 (loss for S/ 14,938,000 and gain for S/ 13,559,000), and a net loss for S/ 2,283,000 (loss for S/ 29,642,000 and gain for S/ 27,359,000). They are presented in 'exchange difference, net' in the separate statement of profit or loss.

Sensitivity to exchange rates
The following table shows a sensitivity analysis to show the effect of reasonably possible changes in the exchange rates (U.S. dollar). The Company's profit before tax would be affected by changes in the fair value of monetary items, with all other risk variables held constant, as follows:

	Profit or loss	
In thousands of soles	**Devaluation**	**Revaluation**
December 31, 2023		
US$ (5% movement)	1,260	(1,260)
US$ (10% movement)	2,520	(2,520)
December 31, 2022		
US$ (5% movement)	2,391	(2,391)
US$ (10% movement)	4,782	(4,782)

B. Credit risk
Credit risk is the risk that a financial loss will be incurred if a borrower to a financial instrument or contract fails to meet its financial obligations. The Company 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 exposure to credit risk for the items in the separate financial statements as of December 31, 2023 and 2022 is represented by the sum of items of cash and cash equivalents, trade and accounts receivable.

Cash and bank deposits
The credit risk of cash at bank is controlled by management in accordance with the Company's policies. The borrower's credit limits are reviewed by management and the Board of Directors. The limits are established to minimize the concentration risk and, therefore, mitigate financial losses from the borrower potential failure to meet its obligations.

Other accounts receivable from related parties
Accounts receivable from sundry related parties correspond mainly to dividends and royalties. As of December 31, 2023 and 2022, dividends receivable are collected in the short term and are therefore measured at cost.

Other accounts receivable
Other accounts receivable correspond to outstanding balances for items not related to the Company's main operating activities. As of December 31, 2023 and 2022, miscellaneous accounts receivable mainly correspond to: claims to the tax authorities and payments on account of income tax. Management periodically monitors the credit risk of such items and assesses debts evidencing an impairment in order to recognize the loss allowance.

C. Liquidity risk
The Company monitors liquidity risk using a liquidity-planning tool.

The following tables summarize the maturity terms of the Company's financial liabilities based on the undiscounted payments under the contracts:

In thousands of soles	*Note*	Carrying amount	As of December 31, 2023 Less than 12 months	2 - 3 years	4 - 8 years	Total
Trade and other accounts payable	*11*	69,584	66,081	3,503	-	69,584
Other financial liabilities						
Amortization of principal	*12*	1,042,760	334,827	638,675	69,258	1,042,760
Cash flows from cash payments from interest		-	40,635	37,599	745	78,979
Total liabilities		**1,112,344**	**441,543**	**679,777**	**70,003**	**1,191,323**

In thousands of soles	*Note*	Carrying amount	As of December 31, 2022 Less than 12 months	2 - 3 years	4 - 8 years	Total
Trade and other accounts payable	*11*	50,439	48,852	1,587	-	50,439
Other financial liabilities						
Amortization of principal	*12*	1,090,104	140,057	880,790	69,257	1,090,104
Cash flows from cash payments from interest		-	47,053	76,797	745	124,595
Total liabilities		**1,140,543**	**235,962**	**959,174**	**70,002**	**1,265,138**

D. Capital management

The Company's objective in managing capital is to safeguard its ability to continue as a going concern and provide the expected returns to its shareholders and respective benefits to stakeholders, as well as to maintain an optimum structure to reduce capital cost.

The Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce its debt in order to maintain or adjust its capital structure.

The Company monitors its capital based on the debt-to-equity ratio. This ratio is calculated by dividing the net debt by the total equity. Net debt corresponds to total debt ratio (including current and non-current debt) less cash and cash equivalents. Total capital corresponds to equity, as shown in the separate statement of financial position, plus net debt.

In thousands of soles	2023	2022
Other financial liabilities	1,042,760	1,090,104
Trade and other accounts payable	69,584	50,439
Less: Cash and cash equivalents	3,044	6,426
Net debt (a)	**1,109,300**	**1,134,117**
Equity (b)	**5,400,415**	**5,248,951**
Debt-to-equity ratio (a/b)	**0.205**	**0.216**

For the years ended December 31, 2023 and 2022, there were no changes in the objectives, policies or procedures related to capital management.

25. Fair Value

A. Financial instruments not measured at fair value

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 maturities of less than one year. 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:

	As of December 31, 2023		**As of December 31, 2022**	
In thousands of soles	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Bank promissory notes	92,713	93,004	-	-
Bonds and Bank Loans	950,047	946,553	1,090,104	1,051,740

26. Changes in Liabilities from Financing Activities

The reconciliation of changes in the financial liabilities and financing activities in the separate statement of cash flows:

	Equity and liabilities						
In thousands of soles	**January 1, 2023**	**Cash flows**	**New bank loans**	**Dividends declared**	**Others**	**Treasury shares**	**December 31, 2023**
Promissory notes	-	-	94,025	-	(1,312)	-	92,713
Bank loans and corporate bonds	1,090,104	(141,081)	-	-	1,024	-	950,047
Dividends payable	15,338	(140,150)	-	143,768	(29)	-	18,927
Acquisition of treasury shares	(23,530)	-	-	-	65,016	(64,434)	(22,948)
Total liabilities from financing activities	**1,081,912**	**(281,231)**	**94,025**	**143,768**	**64,699**	**(64,434)**	**1,038,739**

	Equity and liabilities						
In thousands of soles	**January 1, 2022**	**Cash flows**	**New bank loans**	**Dividends declared**	**Others**	**Treasury shares**	**December 31, 2022**
Overdrafts and promissory notes	-	(60,000)	60,000	-	-	-	-
Bank loans and corporate bonds	1,102,929	(13,851)	-	-	1,026	-	1,090,104
Dividends payable	81,429	(228,670)	-	162,610	(31)	-	15,338
Acquisition of treasury shares	(11,610)	-	-	-	-	(11,920)	(23,530)
Total liabilities from financing activities	**1,172,748**	**(302,521)**	**60,000**	**162,610**	**995**	**(11,920)**	**1,081,912**

27. Subsequent Events

According to the Company's management opinion, between January 1, 2024 and the date of issuance of these separate financial statements, no other significant events or developments have occurred that would require disclosure in the separate financial statements as of December 31, 2023, except for:

- On February 2, 2024, the Company informed the Superintendencia del Mercado de Valores (SMV) the acquisition of 50% of the shares of the subsidiary PREANSA Chile. Thus, as of that date, the Company will control 100% of the ownership of the subsidiary.

The aforementioned subsequent events do not generate any modification in the consolidated financial statements as of December 31, 2023.