UNACEM Corp S.A.A. and Subsidiaries

Consolidated Financial Statements

As of December 31, 2023 and 2022

(including Independent Auditors' Report)

(TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN SPANISH)

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(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 consolidated financial statements of UNACEM Corp S.A.A. and its Subsidiary (hereinafter the Group), which comprise the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the Group's financial position as of December 31, 2023, and its consolidated financial performance and its 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 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, have been of most significance in our audit of the consolidated financial statements of the current period. These matters have been addressed in the context of our audit of the consolidated 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 long-term assets; refer to note 13 "Mining concessions, property, plant and equipment", note 15 "Intangible assets" and note 20 "Deferred income tax asset to the consolidated financial statements."	
Key Audit Matters	**How the matter was dealt with in our audit**
As mentioned in notes 14, 16 and 21 to the consolidated financial statements, as of December 31, 2023 the Group holds mining concessions, property, plant and equipment in the amount of S/ 8,468,208 thousands, goodwill in the amount of S/ 1,206,331 thousands and deferred tax loss carryforward asset in the amount of S/ 331,324 thousands. Management is responsible for evaluating the impairment or recoverability of the aforementioned assets. The Group evaluates, following the specific requirements of the applicable IFRS, whether it is necessary to record a provision for impairment of the long-lived assets indicated above. We have identified the assessment of impairment or recoverability of the value of mining concessions, property, plant and equipment, goodwill and deferred tax loss carryforwards 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: ▪ Reviewing the analysis performed by management related to the assessment of impairment or recoverability of mining concessions, property, plant and equipment, goodwill and deferred tax loss carryforward assets 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 Group's estimates with actual results in order to assess the Group's ability to make accurate budgets. ▪ Review of the determination of impairment and its appropriate accounting recording, if necessary, as well as the review of the disclosures made by the Group's management in the notes to the consolidated financial statements.

Other Matters

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

Our opinion on the consolidated financial statements does not cover the other information and we express no assurance or conclusion on that other information.

In connection with our audit of the consolidated 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 consolidated 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 in 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group’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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Grupo UNACEM, we have identified those matters that have been of most significance in the audit of the consolidated financial statements of the current period and are, accordingly, the Key Audit Matters. We have described these matters in our auditor's report unless applicable law or regulation prohibits public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so could reasonably be expected to outweigh the public interest benefits of such communication.

Lima, Perú

Emmerich, Córdova y Asociados

March 18, 2024

Countersigned by:

Cristian Emmerich (Partner)
Peruvian CPA Registration 39801

UNACEM Corp S.A.A. and Subsidiaries

Consolidated Financial Statements

As of December 31, 2023 and 2022

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Notes to the Consolidated Financial Statements
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In thousands of soles	*Note*	2023	2022
Assets			
Current assets			
Cash and cash equivalents	*8*	401,275	334,845
Trade and other accounts receivable	*9*	987,197	834,329
Inventories	*10*	1,036,574	851,645
Prepaid expenses		23,879	29,141
Investments in financial instruments		-	5,012
Available-for-sale assets	*11*	30,923	-
Other non-financial assets		60	707
Total current assets		**2,479,908**	**2,055,679**
Non-current assets			
Trade and other accounts receivable	*9*	141,441	83,245
Investments in associates	*12*	32,172	23,734
Investments in financial instruments		4,198	-
Right-of-use assets	*13(a)*	133,692	21,640
Mining concessions and property, plant and equipment	*14*	8,468,208	7,473,383
Stripping activity assets	*15*	92,211	95,861
Intangible assets	*16*	2,111,711	1,405,794
Deferred income tax assets	*21(b)*	224,793	207,455
Other non-financial assets		7,320	22,281
Total non-current assets		**11,215,746**	**9,333,393**
Total assets		**13,695,654**	**11,389,072**

In thousands of soles	*Note*	2023	2022
Liabilities			
Current liabilities			
Other financial liabilities	*17*	1,686,759	1,106,529
Trade and other accounts payable	*18*	1,019,946	975,032
Deferred income	*19*	7,597	6,618
Deferred tax liabilities	*34.C(e)*	72,948	182,893
Provisions	*20*	70,552	81,072
Lease liabilities	*13(b)*	21,821	8,024
Hedging instruments	*35.A*	1,539	-
Total current liabilities		**2,881,162**	**2,360,168**
Non-current liabilities			
Other financial liabilities	*17*	3,811,917	2,629,349
Trade and other accounts payable	*18*	180,348	28,534
Hedging instruments	*35.A*	-	3,253
Deferred income tax liabilities	*21(b)*	670,441	585,180
Provisions	*20*	117,078	71,559
Lease liabilities	*13(b)*	123,843	14,221
Total non-current liabilities		**4,903,627**	**3,332,096**
Total liabilities		**7,784,789**	**5,692,264**
Equity	*23*		
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
Unrealized gains and losses		(1,629)	(1,737)
Gains or losses on translation		291,697	343,181
Retained earnings		3,353,966	2,949,002
Equity attributable to owners of the Parent Company		**5,726,693**	**5,410,651**
Non-controlling interests	*22*	184,172	286,157
Total net equity		**5,910,865**	**5,696,808**
Total equity and liabilities, net		**13,695,654**	**11,389,072**

The accompanying notes on pages 6 to 98 are an integral part of these consolidated financial statements.

(Translation of Financial Statements originally issued in Spanish)

UNACEM Corp S.A.A. and Subsidiaries
Consolidated Statement of Profit or Loss
For the years ended December 31, 2023 and 2022

In thousands of soles	***Note***	**2023**	**2022**
Net sales	*24*	6,376,274	5,978,843
Cost of sales	*25*	(4,793,883)	(4,350,232)
Gross profit		**1,582,391**	**1,628,611**
Operating income (expenses)			
Administrative expenses	*26*	(480,457)	(401,622)
Sales expenses	*27*	(115,198)	(120,115)
Other income	*29*	79,525	64,488
Other expenses	*29*	(72,957)	(85,966)
		(589,087)	**(543,215)**
Operating profit		**993,304**	**1,085,396**
Other income (expenses)			
Net interests in associates	*12(a)*	12,112	3,861
Financial income	*30*	16,822	16,634
Financial expenses	*31*	(274,771)	(192,621)
Exchange difference, net	*35.A.ii*	4,665	35,445
		(241,172)	**(136,681)**
Profit before tax		**752,132**	**948,715**
Income tax	*21(a)*	(229,359)	(289,120)
Net profit or loss		**522,773**	**659,595**
Attributable to			
Owners of the Parent Company		509,515	554,653
Non-controlling interests	*22*	13,258	104,942
		522,773	**659,595**
Basic and diluted earnings per share (in *soles*)	***33***	**0.286**	**0.307**
Weighted average number of outstanding shares (in thousands of shares)	***33***	**1,784,126**	**1,807,026**

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(Translation of Financial Statements originally issued in Spanish)

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

In thousands of soles	***Note***	**2023**	**2022**
Net profit or loss		**522,773**	**659,595**
Other comprehensive income to be reclassified to profit or loss			
Exchange difference on translation of foreign operations		(51,894)	(91,706)
Changes in fair value of hedging instruments	*35.A*	(2,444)	24,433
Other comprehensive income not to be reclassified to profit or loss			
Effects of changes in actuarial assumptions about provision for retirement and termination benefits and others		1,866	(24)
Income tax related to components of other comprehensive income			
Fair value of hedging instruments	*21*	258	(5,627)
Effects of changes in actuarial assumptions about provision for retirement and termination benefits and others	*21*	-	(50)
Other comprehensive income, net of taxes		**(52,214)**	**(72,974)**
Total other comprehensive income		**470,559**	**586,621**
Attributable to			
Owners of the Parent Company		458,350	486,687
Non-controlling interests		12,209	99,934
		470,559	**586,621**

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(Translation of Financial Statements originally issued in Spanish)

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

			Attributable to owners of the Parent Company								
In thousands of soles	***Note***	**Issued capital (note 23.A)**	**Additional capital (note 23.B)**	**Treasury shares (note 23.C)**	**Legal reserve (note 23.D)**	**Unrealized gains and losses (note 23.E)**	**Gains or losses on translation (note 23.G)**	**Retained earnings**	**Total**	**Non-controlling interests (note 22(a))**	**Total net equity**
Balance as of January 1, 2022		1,818,128	(38,019)	(11,610)	363,626	(23,660)	430,200	2,556,053	5,094,718	275,589	5,370,307
Net profit or loss		-	-	-	-	-	-	554,653	554,653	104,942	659,595
Total other comprehensive income, net Income tax		-	-	-	-	19,053	(87,019)	-	(67,966)	(5,008)	(72,974)
Total other comprehensive income		**-**	**-**	**-**	**-**	**19,053**	**(87,019)**	**554,653**	**486,687**	**99,934**	**586,621**
Dividend distribution	*22.C and 23.F*	-	-	-	-	-	-	(162,610)	(162,610)	(59,127)	(221,737)
Acquisition of non-controlling interests	*22(b)*	-	-	-	-	-	-	-	-	(24,995)	(24,995)
Unpaid dividends	*23.H*	-	-	-	-	-	-	31	31	-	31
Treasury shares	*23.C*	-	-	(11,920)	-	-	-	-	(11,920)	-	(11,920)
Variations in minority interest		-	-	-	-	-	-	4,893	4,893	(4,893)	-
Others		-	-	-	-	2,870	-	(4,018)	(1,148)	(351)	(1,499)
Balance as of December 31, 2022		**1,818,128**	**(38,019)**	**(23,530)**	**363,626**	**(1,737)**	**343,181**	**2,949,002**	**5,410,651**	**286,157**	**5,696,808**
Net profit or loss		-	-	-	-	-	-	509,515	509,515	13,258	522,773
Total other comprehensive income, net of income tax		-	-	-	-	319	(51,484)	-	(51,165)	(1,049)	(52,214)
Total other comprehensive income		**-**	**-**	**-**	**-**	**319**	**(51,484)**	**509,515**	**458,350**	**12,209**	**470,559**
Dividend distribution	*22.C and 23.F*	-	-	-	-	-	-	(143,768)	(143,768)	(35,621)	(179,389)
Acquisition of non-controlling interests	*22(b)*	-	-	-	-	-	-	(13,970)	(13,970)	(4,710)	(18,680)
Unpaid dividends	*23.H*	-	-	-	-	-	-	29	29	-	29
Treasury shares	*23.C*	-	-	(64,434)	-	-	-	-	(64,434)	-	(64,434)
Decrease of issued capital	*23.C*	(38,128)	-	64,936	-	-	-	(26,808)	-	-	-
Changes in non-controlling interests and others		-	-	-	-	-	-	74,020	74,020	(74,020)	-
Others		-	-	80	-	(211)	-	5,946	5,815	157	5,972
Balance as of December 31, 2023		**1,780,000**	**(38,019)**	**(22,948)**	**363,626**	**(1,629)**	**291,697**	**3,353,966**	**5,726,693**	**184,172**	**5,910,865**

The accompanying notes on pages 6 to 98 are an integral part of these consolidated financial statements.

(Translation of Financial Statements originally issued in Spanish)

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

In thousands of soles	***Note***	**2023**	**2022**
Operating activities			
Cash receipts from transfer of goods and services		8,295,683	7,716,069
Tax recovery		27,041	16,615
Cash payments to suppliers		(5,814,650)	(5,172,713)
Cash payments to employees		(891,341)	(831,483)
Cash payments from income tax		(417,560)	(241,046)
Cash payments from interest		(235,918)	(172,413)
Cash payments from taxes and contributions		(354,560)	(389,457)
Other cash payments (receipts), net		26,801	(10,412)
Net cash from operating activities		**635,496**	**915,160**
Investing activities			
Sale of property, plant and equipment		26,652	28,844
Cash receipts from dividends	*32(a)*	3,669	1,075
Acquisition of property, plant and equipment	*14*	(502,953)	(420,541)
Acquisition of intangible assets	*16*	(26,384)	(15,895)
Acquisition of subsidiaries, net of cash	*1.B*	(1,558,443)	(12,925)
Other cash payments, net		1,622	(3,233)
Net cash used in investing activities		**(2,055,837)**	**(422,675)**
Financing activities			
Access to overdrafts	*37*	66,221	112,508
Access to short-term loans	*37*	1,452,170	720,212
Access to long-term financial liabilities	*37*	2,230,800	233,143
Cash payments from overdrafts	*37*	(103,193)	(96,914)
Cash payments from short-term loans	*37*	(1,245,514)	(619,416)
Cash payments from long-term financial liabilities	*37*	(647,507)	(558,331)
Cash payments from lease liabilities	*13(b) and 37*	(20,950)	(11,016)
Cash payments from dividends (controlling interests)	*37*	(140,092)	(228,670)
Cash payments from dividends (non-controlling interests)	*37*	(35,451)	(64,627)
Acquisition of non-controlling interests	*22(b) and 2(ii)*	(24,701)	(18,612)
Acquisition of treasury shares	*23.C and 37*	(64,434)	(11,920)
Cash flows from financing activities		**1,467,349**	**(543,643)**
Net decrease in cash and cash equivalents		47,008	(51,158)
Exchange difference		19,422	(13,752)
Opening balance		334,845	399,755
Closing balance	***8***	**401,275**	**334,845**
Non-cash transactions:			
Acquisition of property, plant and equipment under financial lease	*14*	49,590	82,755
Transfer of replacement units and activable spare parts to mining concessions and property, plant and equipment	*14*	36,667	46,410
Accounts payable from acquisition of property, plant and equipment	*14*	26,372	22,574
Capitalized interest	*14(g)*	6,077	3,157
Unpaid dividends	*23.H*	29	31
Provision for decommissioning costs	*14*	-	503
Goodwill	*16(b) and 1.B*	32,733	3,862
Other intangible assets	*16*	2,365	6,637

The accompanying notes on pages 6 to 98 are an integral part of these consolidated financial statements.

1. Background

A. Background and Economic Activity

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

The Company and its Subsidiaries (hereinafter the Group) are mainly engaged in the production and sale of all types of cement, clinker and concrete in Peru, United States, Ecuador and Chile, as well as the sale of energy and power in Peru.

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 Group's consolidated financial statements as of December 31, 2022 were approved by management on March 30, 2023. The consolidated financial statements as of December 31, 2023 have been issued with management approval on March 18, 2024, and will be presented to the Board of Directors for corresponding approval. In management's opinion, the consolidated financial statements will be approved with no modification to the consolidated financial statements.

B. Acquisition

B.1 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 34.A.(ii)).

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, becoming part of the Group.

The final acquisition price was US$ 315,140,000 (equivalent to S/ 1,199,737,000). 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.

This acquisition doubled the Group's current clinker and cement production capacity in the U.S., thus, accessing to one of the most important markets on the West Coast and strengthening the Group's investment portfolio in its main business.

From the acquisition date to December 31, 2023, the acquired entity contributed revenue for US$ 13,331,000 (equivalent to S/ 49,624,000) and a loss of US$ 501,000 (equivalent to S/ 1,864,000) to the Group's profit or loss. According to management, if the acquisition had occurred on January 1, 2023, revenue would have amounted to US$ 92,016,000 (equivalent to S/ 343,681,000) and profit or loss would have amounted to US$ 5,257,000 (equivalent to S/ 19,634,000). In determining these amounts, management assumed that the adjustments to fair value on the acquisition date would have been the same if the acquisition had occurred on January 1, 2023.

The acquisition-date fair value of identifiable assets acquired and the liabilities assumed of Tehachapi, was as follows:

In thousands of soles	***Note***	**2023**
Assets		
Inventories		106,764
Mining concessions and property, plant and equipment	*14*	467,213
Intangible assets	*16*	634,684
Right-of-use assets	*13*	13,790
Other financial assets		1,407
		1,223,858
Liabilities		
Lease liabilities	*13*	13,995
Provisions		42,859
		56,854
Identifiable net assets at fair value		**1,167,004**
Goodwill generated on acquisition	*16(b)*	**32,733**
Consideration transferred at the acquisition date		**1,199,737**
Net effects of acquisition		-
Consideration transferred at the acquisition date		(1,199,737)
Net cash flows at the acquisition date		**(1,199,737)**

For purposes of the consolidated financial statements as of December 31, 2023, as permitted by IFRS 3, the Group's management preliminarily estimated the fair values of the identifiable assets and liabilities of this cash-generating unit at the acquisition date, with the final valuation of certain property, plant and equipment pending at that date. The final balances will be determined in the first quarter of 2024; management does not expect any significant changes in the preliminary goodwill estimate.

B.2 Termochilca S.A.C. (Termochilca)

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.

As a result, the Group acquired 100% of the direct and indirect shares of the share capital of Termochilca, a Peruvian domiciled company, which is 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. As of December 31, 2023, a payment of US$ 100,000,000 (equivalent to S/ 371,000,000) was made and the balance of US$ 41,000,000 (equivalent to S/ 152,233,000), adjusted to fair value results in an amount of US$ 38,552,000 (equivalent to S/ 143,151,000) to be paid in May 2028 (note 18).

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

From the acquisition date to December 31, 2023, the acquirees contributed revenue for S/ 272,713,000 and a net loss for S/ 18,083,000 to the Group's profit or loss. According to management, if the acquisition had occurred on January 1, 2023, revenue would have amounted to S/ 350,052,000 and net profit or loss would have amounted to S/ 87,817,000. In determining these amounts, management assumed that the adjustments to fair value on the acquisition date would have been the same if the acquisition had occurred on January 1, 2023.

The acquisition-date fair value of identifiable assets acquired and the liabilities assumed of Termochilca, was as follows:

In thousands of soles	***Note***	**2023**
Assets		
Cash and cash equivalents		12,294
Trade and other accounts receivable		151,914
Inventories		9,728
Property, plant and equipment	*14*	507,158
Right-of-use assets	*13*	97,578
Intangible assets	*16*	51,922
Other financial assets		4,629
		835,223
Liabilities		
Trade and other accounts payable		52,755
Lease liabilities	*13*	108,486
Provisions		8,195
Deferred tax liabilities	*21*	143,835
		313,271
Identifiable net assets at fair value		**521,952**
Negative goodwill	***29***	**(5,547)**
Consideration transferred at the acquisition date		**516,405**
Net effects of acquisition		12,294
Consideration transferred in full at the acquisition date		(371,000)
Consideration transferred to credit at the acquisition date		(143,028)
Compensation assets		(2,377)
Net cash flows at the acquisition date		**(504,111)**

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

On November 21, 2022, the subsidiaries UNICON Chile S.A. and UNACEM Chile S.A. (the "Purchasers") entered into an agreement with Inversiones Befeld Limitada and Inversiones Majas Limitada (the "Sellers") for the acquisition of 100 percent of the social rights of Constructora de Obras Civiles y Viales Limitada (CONOVIA); and on the same date the Group took control of said company.

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

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

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

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

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

The acquisition-date fair value of identifiable assets acquired and the liabilities assumed of CONOVIA, was as follows:

In thousands of soles	***Note***	**2022**
Assets		
Cash and cash equivalents		1,504
Investments in financial instruments		1,108
Trade and other accounts receivable		737
Inventories		1,383
Property, plant and equipment	*14*	7,458
Other financial assets		7
		12,197
Liabilities		
Trade and other accounts payable		167
Current tax liabilities		574
Deferred tax liabilities	*21*	889
		1,630
Identifiable net assets at fair value		**10,567**
Goodwill generated on acquisition		**3,862**
Consideration transferred at the acquisition date		**14,429**
Net effects of acquisition		1,504
Consideration transferred at the acquisition date		(14,429)
Net cash flows at the acquisition date		**(12,925)**

2. Financial Information of Subsidiaries

As of December 31, 2023 and 2022, the consolidated financial statements include the following subsidiaries (amounts according to IFRSs and before eliminations according to consolidation procedures):

In thousands of soles	Entity	Main economic activity	2023		2022		Assets		Liabilities		Net equity		Profit (loss)	
Country (viii)			Direct %	Indirect %	Direct %	Indirect %	2023	2022	2023	2022	2023	2022	2023	2022
Peru	UNACEM Perú S.A.	Production and sale of cement	99.99	0.01	99.99	0.01	4,814,555	4,721,849	2,346,119	2,370,281	2,468,436	2,351,568	388,482	421,455
Peru/Ecuador	Inversiones Imbabura S.A. and Subsidiaries (i)	Production and sale of cement	100.00	-	100.00	-	2,115,492	2,111,268	437,904	479,659	1,677,588	1,631,609	38,614	60,123
United States	Skanon Investments, Inc. and Subsidiaries (ii)	Production and sale of cement and concrete	95.85	-	95.84	-	3,259,650	1,914,037	2,248,013	831,985	1,011,637	1,082,052	4,133	66,517
Peru	Compañía Eléctrica el Platanal S.A. and Subsidiaries (iii)	Sale of power and energy	90.00	-	90.00	-	2,015,224	1,202,940	1,156,759	378,617	858,465	824,323	32,523	57,938
Peru/Chile	Inversiones en Concreto y Afines S.A. and Subsidiaries (iv)	Sale of concrete and ready-mix concrete	93.38	-	93.38	-	1,012,503	1,001,972	586,303	583,918	426,200	418,054	20,564	14,508
Chile	UNACEM Chile S.A. and Subsidiary (vi)	Production and sale of cement and concrete	99.89	0.11	99.89	0.11	321,165	305,998	235,363	206,526	85,802	99,472	(8,621)	(16,985)
Peru	Inversiones Nacionales y Multinacionales Andinas S.A. – INMA	Real Estate business	99.81	0.19	99.77	0.23	128,883	120,730	16,683	27,496	112,200	93,234	(1,713)	(778)
Chile	Prefabricados Andinos S.A. - PREANSA Chile (note 39)	Production and sale of ready-mix Concrete	50	-	50	-	82,159	109,860	80,350	96,595	1,809	13,265	(8,485)	1,742
Peru/Colombia	Prefabricados Andinos Perú S.A.C. and Subsidiary (v)	Production and sale of prefabricated Concrete	50	-	50	-	64,181	55,592	54,798	50,679	9,383	4,913	1,635	(3,248)
Peru	ARPL Tecnología Industrial S.A.	Legal advisory services and IT support	100.00	-	100.00	-	65,831	61,189	13,557	11,420	52,274	49,769	15,927	14,116
Peru	Generación Eléctrica de Atocongo S.A. – GEA	Operational services thermal power station	99.85	0.15	99.85	0.15	17,538	26,746	16,348	25,347	1,190	1,399	(209)	570
Peru	Minera Adelaida S.A.	Mineral extraction non-ferrous metals	100.00	-	100.00	-	29,547	28,581	3,544	1,753	26,003	26,828	(1,023)	(882)
Peru	Vigilancia Andina S.A. – VASA	Surveillance services	55.50	44.50	55.50	44.50	12,655	12,206	4,308	4,440	8,347	7,766	593	851
Peru	Depósito Aduanero Conchán S.A.	Warehousing services	99.99	-	99.99	-	1,922	2,069	693	939	1,229	1,130	99	207
Peru	Digicem S.A. - DIGICEM	IT Services	99.99	-	99.99	-	38,838	16,306	3,674	16,199	35,164	107	(10,511)	(925)
Peru	Naviera Conchán S.A.	Services	100.00	-	100.00	-	16	14	27	14	(11)	-	(13)	(16)
Peru	CALCEM S.A. (vii)	Production of lime and calcium carbonates	100.00	-	-	-	6	-	18	-	(12)	-	(13)	-

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

At the General Shareholders' Meeting, held on May 10, 2021, UNICON Perú approved the sale of all its shares in UNICON Ecuador to Inversiones Imbabura S.A. for 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 and registered in the commercial registry of Ecuador on January 31, 2023; consequently, the merger became effective on February 1, 2023.

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

(a) In 2023, the Company made cash contributions to Skanon for approximately S/ 6,183,000 (equivalent to US$ 1,625,000), thus controlling from 95.84% to 95.85% of Skanon's capital stock.

In 2022, the Company made cash contributions to Skanon for approximately S/ 18,739,000 (equivalent to US$ 4,875,000), thus controlling from 95.80% to 95.84% of Skanon's capital stock.

On the other hand, Skanon has the option to purchase the minority interest in Drake Cement, thus, as of December 31, 2022, Skanon has exercised this option, acquiring a 4.348% minority interest for approximately US$ 6,500,000 (equivalent to S/ 24,947,000), thus directly controlling from 94.04% to 98.39% of Drake Cement's capital stock. In 2022, part of the acquisition price was paid in the amount of S/ 18,564,0 (equivalent to US$ 4,875,000) and the remaining amount was paid during 2023 for S/ 6,021,000 (equivalent to US $ 1,625,000). As of December 31, 2022, the balance payable was S/6,208,000 (equivalent to US$ 1,625,000) (note 18).

(b) Interests in consolidated structured entities

- Until December 31, 2022, Desert Ready Mix L.L.C. is a consolidated structured entity through which Skanon Investments Inc. sales concrete and aggregates in Phoenix, United States. The initial capitalization and operating expenses of Desert Ready Mix L.L.C. were financed by Skanon Investments Inc.

  In July 2014, Skanon Investments Inc. granted working capital loans to Desert Ready Mix L.L.C. for US$ 1,750,000 and raw materials purchase loans for US$ 1,750,000. The loans include an option contract that grants Skanon Investments Inc. the irrevocable and exclusive right to convert unpaid debt into a 70% of controlling interests in Desert Ready Mix L.L.C. at the sole and absolute discretion of Skanon Investments Inc. Skanon Investments Inc. and Desert Ready Mix L.L.C. also entered into an operating agreement whereby Skanon Investments Inc. shall provide technical and commercial support, short-term loans and other services to Desert Ready Mix L.L.C. The shareholders of Desert Ready Mix L.L.C. pledged their shares as collateral if Desert Ready Mix L.L.C. fails to meet its obligations related to the operating agreement. Additionally, in May 2018, an agreement was reached whereby Skanon has the option to acquire the remaining 30% equity interest in DRM.

In 2023, Skanon exercised its purchase option, effective as of January 1, 2023, to acquire a 70% interest in Desert Ready Mix L.L.C. at a price equal to the outstanding debt plus accrued interest, for US$ 5,243,000 (equivalent to S/ 20,029,000).

In addition, in 2023, Skanon acquired an additional 15% of Desert Ready Mix L.L.C. for approximately US$ 4,882,000 (equivalent to S/ 18,233,000), thus controlling 85% of it. As of December 31, 2023, the acquisition price was paid in full.

- Until December 31, 2022, Desert Aggregates L.L.C. was a consolidated structured entity, through which Staten Island Company, Inc. (SIC) conducted its ready-mix concrete and aggregates operations in Maricopa County, Arizona.

  In 2019, Skanon Investments Inc. granted land purchase loans to Desert Aggregates L.L.C. The loans include an option contract that grants Skanon Investments Inc. the irrevocable and exclusive right to convert unpaid debt into controlling interests in Desert Aggregates L.L.C. at the sole and absolute discretion of Skanon Investments Inc. Skanon Investments Inc. and Desert Aggregates L.L.C. also entered into an operating agreement whereby Skanon Investments Inc. shall provide technical and commercial support, short-term loans and other services. The shareholders of Desert Aggregates L.L.C. pledged their shares as collateral if Desert Aggregates L.L.C. fails to meet its obligations related to the operating agreement.

  In 2023, Skanon exercised its purchase option, effective as of January 1, 2023, to acquire a 100% interest in Desert Aggregates L.L.C. at a price equal to the outstanding debt plus accrued interest, for US$ 4,737,000 (equivalent to S/ 18,094,000).

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

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

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.

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

(vi) UNACEM Chile's subsidiary is Inversiones Mel 20.

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.

(vii) Creation of a new society

Production of lime in Peru
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.

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

3. Contracts and Concessions

A. Regulatory framework and contracts for electric power supply

- ***Law 25844 "Electricity Concessions Act"***

According to such Law, the operation of power generating stations and transmission lines is subject to the provisions of the Committee of Economic Operation of the National Interconnected System (COES-SINAC, for its Spanish acronym) in order to coordinate their operation at the lowest cost, thus ensuring the electric power supply and a better use of power resources. COES-SINAC regulates the prices of power and energy transmission between generation companies. It also regulates the compensations to holders of transmission lines.

- ***OSINERGMIN***

The Supervisory Agency for Investment in Energy and Mining of Peru (OSINERGMIN, for its Spanish acronym), formerly OSINERG, is responsible for monitoring the activities carried out by the companies of the electric power and hydrocarbons sectors, ensuring the quality and efficiency of the service rendered to users, and monitoring compliance with obligations assumed by concessionaires in service concession arrangements, as well as compliance with current legal requirements and technical regulations, including those related to environmental protection and preservation. However, OSINERGMIN transferred its functions—i.e., monitoring, control and imposing sanctions in environmental matters concerning hydrocarbons and electric power—to the Environmental Assessment and Control Agency (OEFA, for its Spanish acronym). OEFA was established through Legislative Decree 1013, which approved the "Law on Creation, Organization and Functions of the Ministry of Environment."

- ***Law 28832 "Law to Ensure the Efficient Development of Electricity Generation"***

Law 28832, dated July 23, 2006, was enacted to i) ensure enough efficient electric power generation in order to reduce the exposure of the Peruvian electrical system to price volatility and to reduce power shortage risks, as well as to ensure a competitive electric tariff for end users; ii) reduce administrative supervision in determining power prices through market solutions; and iii) promote effective competition in the generation and supply of electric power.

The main changes introduced by this Law are related to the participation in the short-term market of not only generation companies, but also distribution companies and non-regulated customers. As a result, distribution companies and non-regulated customers belong to COES-SINAC, thus modifying its structure. In addition, it established a tendering process, which shall be used by distribution companies when entering into contracts for electric power supply with generation companies intended to meet the public service of power supply. Adherence to this process is optional for non-regulated users.

The sale of power from generation companies to distribution companies is made using power prices at a generation level that are determined as the weighted average of prices in no-bid contracts and contracts resulting from tendering processes. This process was established to promote investments in new generation capacity through long-term contracts for electric power supply with distribution companies at firm prices.

- ***Regulation on the Wholesale Electricity Market***

Supreme Decree 026-2016-EM approved the Regulation on the Wholesale Electricity Market. The Regulation incorporated the definition of "wholesale electricity market," which includes the short-term power market and the mechanisms for allocating complementary services, operational inflexibilities and congestion revenue. The participants authorized to purchase power from the short-term power market are generation companies to meet the contractual obligations related to contracts for power supply; distribution companies to meet the demand of non-regulated users (up to 10% of maximum demand); and major users their demand (up to 10% of maximum demand).

COES-SINAC calculates the marginal costs of power and congestion, temporarily measures on a daily basis the transactions in the wholesale electricity market, provides the results to the participants through its website. The congestion revenue is allocated among the participants according to the provisions of the relevant procedure. A participant that does not have an A rating (A, AA or AAA) shall have payment guarantees to meet its payment obligations in the wholesale electricity market. Also, a participant that fails to meet its payment obligations is subject to the actions by COES-SINAC.

- ***Supreme Resolution 006-2019-EM***

The Multisectoral Commission for the Electric Power Sector Reform was created on June 20, 2019. It is responsible for analyzing the electricity market and the regulatory framework of the electric power and hydrocarbons sectors regarding the electric power supply to the National Interconnected Electrical System (SEIN, for its Spanish acronym) in order to make proposals to implement measures that ensure the sustainable development of the electric power sector. This Commission is in force for 24 months.

- ***OSINERGMIN Resolution 144-2019-OS/CD***

OSINERGMIN Resolution 144-2019-OS/CD, modified the Technical Procedure 26 "Calculation of Firm Power." It is used to measure revenue from power of generation companies belonging to COES-SINAC and determine the maximum level of generation. From September 2019, the firm power for power plants that use wind, solar or tidal power—was zero before the modification—will be determined based on periods of high power demand (on-peak hours).

- ***Supreme Decree 023-2019-EM***

Supreme Decree 023-2019-EM, published on December 29, 2019, extended the suspension of the Regulation on the Secondary Market of Natural Gas (approved by Supreme Decrees 046-2010-EM and 032-2017-EM) until December 31, 2020.

- ***Contracts for energy and power supply***

As of December 31, 2023, Compañía Eléctrica el Platanal S.A. has 17 contracts for power supply with non-regulated customers with maturity between the years 2025 and 2033, and with a contracted power (C.P.) of 124.42 MW. As of December 31, 2022, Compañía Eléctrica el Platanal S.A. has 21 contracts for power supply with non-regulated customers with maturity between the years 2024 and 2032, and with a C.P. of 111.07 MW.

As of December 31, 2023 and 2022, Compañía Eléctrica el Platanal S.A. has 7 contracts with: (i) distribution companies with maturity between the years 2027 and 2040, and with a C.P. of 138.53 MW; and (ii) distribution companies designated by the National Fund for Financing State Enterprise Activity (FONAFE, for its Spanish acronym) with maturity between the years 2013 and 2022, and with a C.P. of 9.93 MW.

As of December 31, 2022 and 2021, CERE has 2 regulated contracts with distribution companies that supply energy services that expire in 2031 with a contracted power of 14 MW, including Luz del Sur S.A.A. for a term of 10 years that began in January 2022 and with Enel Distribución Perú S.A.A. for a term of 10 years that began in March 2022.

4. Basis of Preparation of the Consolidated Financial Statements

A. Basis of consolidation

The consolidated financial statements present the assets, liabilities, equity, income, expenses and cash flows (financial statements as of December 31, 2023 and 2022) of the Company and its subsidiaries. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

An investor controls an investee if and only if the investor has all the following:

- power over the investee—i.e., the investor has existing rights that give it the current ability to direct the relevant activities of an investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The investor that holds a majority of those voting rights controls the investee. The Group (investor) shall consider all facts and circumstances when assessing whether it controls an investee, including:

- a contractual arrangement between the Group and other vote holders;
- rights arising from other contractual arrangements;
- the Group's voting rights; potential voting rights or a combination of the Group's voting rights and potential voting rights.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary. The assets, liabilities, income and expenses of a subsidiary acquired are included in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The Group also attributes total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Consolidated financial statements eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are recognized as equity transactions.

If the Group loses control over a subsidiary, the carrying amount of the assets (including goodwill), related liabilities, non-controlling interests and other components of equity are derecognized and the gain or loss on the transaction is recognized in profit or loss. and recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost.

B. Functional and presentation currency

The Company's functional and presentation currency is the *sol* since it is the currency of its primary economic environment in which it operates and is used for all transactions. Management assessed each subsidiary and determined their functional currency, which is the currency of the primary economic environment in which each subsidiary operates.

According to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, the Group translated financial information of subsidiaries based in a country whose functional currency is other than the *sol* into its presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position. The exchange difference of opening balances to the presentation currency at an exchange rate different from the closing rate is presented as a movement of each of the items to which it corresponds.

- income and expenses for each statement presenting profit or loss and other comprehensive income are translated at exchange rates at the dates of the transactions; and

- all resulting exchange differences are recognized in 'gains or losses on translation in the consolidated statement of other comprehensive income.

5. Significant Accounting Policies

The Group adopted the *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) 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:

i. Business combinations and goodwill

A business combination is recognized by applying the acquisition method under IFRS 3 Business Combinations. The identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values, including identifiable intangible assets not recognized in the financial statements of the acquiree. Acquisition-related costs are recognized as expenses and included in 'administrative expenses.'

At the acquisition date, the Group classifies or designates the identifiable assets acquired and liabilities assumed on the basis of the contractual terms, economic conditions and other pertinent conditions as they exist at the acquisition date.

The Group recognizes goodwill at the acquisition date measured as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The consideration transferred may include assets or liabilities of the Group that have carrying amounts that differ from their fair values at the acquisition date. If so, the Group shall remeasure the transferred assets or liabilities to their fair values as of the acquisition date and recognize the resulting gains or losses, if any, in profit or loss.

The Group recognizes the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. If a contingent consideration is classified as an asset or liability, that is a financial instrument and is within the scope of IFRS 9, it is measured at fair value and any resulting gain or loss is recognized in profit or loss.

The Group measures goodwill at the amount recognized at the acquisition date less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's cash-generating units (CGU), or groups of CGUs, that is expected to benefit from the synergies of the combination.

If goodwill has been allocated to a CGU and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal; and measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

If the initial recognition of a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its consolidated financial statements provisional amounts for the items for which the recognition is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed at the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

ii. Cash and cash equivalents (note 8)

Cash and cash equivalents comprise cash in hand, petty cash fund, checking accounts and time deposits. In preparing the consolidated statement of cash flows, cash and cash equivalents comprise cash and short-term deposits with an original maturity of less than 3 months.

iii. Financial instruments

Initial recognition and 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 Group 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 Group classifies financial assets as subsequently measured at amortized cost, FVOCI or FVTPL on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. At initial recognition, the Group measures a financial asset at its fair value plus transaction costs. The Group measures accounts receivable at their transaction price if they do not contain a significant financing component or when the Group applies 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 Group 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 Group's business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group'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 Group 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 Group'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 Group classifies financial assets as subsequently measured at amortized cost using the effective interest method. The Group applies the impairment requirements to financial assets that are measured at amortized cost. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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

The Group's financial assets measured at amortized cost comprise cash and cash equivalents and trade and other accounts receivable (notes 8 and 9).

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 Group does not have debt instruments classified into this category.

Financial assets measured at FVOCI (equity instruments)
At initial recognition, the Group 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* are not held for negotiation. 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 'other income' in the consolidated statement of profit or loss 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.

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

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 Group's business model.

Financial assets measured at FVTPL are recognized in 'Financial expenses' (net negative changes in the fair value) or 'financial incomes' (net positive changes in the fair value) in the consolidated statement of profit or loss.

The Group 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 Group 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 Group transfers substantially all risks and rewards of ownership of the financial asset, or (b) the Group neither transfers nor retains substantially all risks and rewards of ownership of the financial asset, but transfers control of the financial asset.

When the Group transfers a financial asset, it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. In this case: if the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset. When the Group continues to recognize an asset to the extent of its continuing involvement, the Group 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 Group has retained.

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

Impairment of financial assets
The Group 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 Group under the contract and the cash flows that the Group 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 Group 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 Group 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 Group applies a simplified approach for trade accounts receivable when measuring ECLs. Therefore, the Group 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 Group 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 Group considers a financial asset to be in default when contractual payments are more than 365 days past due. However, the Group may consider a financial asset to be in default when internal or external information indicates that it is not probable that the Group will collect the amounts due before the Group enforces the collateral on the financial asset. The carrying amount of a financial asset is written-off if the Group 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 Group 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 Group's financial liabilities include other financial liabilities and trade and other payables (notes 17 and 18).

Subsequent measurement
The Group 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* (note 35.A.i).

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

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 profit or loss 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 'financial expenses' in the consolidated statement of profit or loss.

This category includes lease liabilities, other financial liabilities and trade and other payables (notes 13(b), 17 and 18).

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 consolidated statement of comprehensive income.

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Group 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.

Hedging instruments and hedge accounting (note 35.A)
The Group uses derivatives—e.g., hedging instruments in cash flow hedges or cross-currency interest rate swaps—to hedge its interest rate risk. At inception of the contract, a derivative is measured at its fair value and subsequently measured at its fair value. Derivatives are recognized as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For hedge accounting purposes, the hedging relationships are the following:

- fair value hedge: a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognized asset or liability or a highly probable forecast transaction.
- hedge of a net investment in a foreign operation.

A hedging relationship qualifies for hedge accounting if, at the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.

That documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements. The hedge is expected to be highly effective in achieving offsetting changes in the fair value or cash flows attributable to the hedged risk.

The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

A hedging relationship qualifies for hedge accounting only if the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

As long as a cash flow hedge meets the qualifying criteria, the hedging relationship is recognized as follows:

Cash flow hedges (note 35.A.i)
The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, and the ineffective portion shall be recognized in profit or loss.

The Group designated certain derivatives as hedging instruments. Any gain or loss arising from changes in the fair value of derivatives is recognized in profit or loss, except for the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge and that is recognized in other comprehensive income. It is reclassified to profit or loss.

For cash flow hedges, the amount that has been accumulated in the cash flow hedge reserve is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Company discontinues hedge accounting for a cash flow hedge, it shall account for the amount that has been accumulated in the cash flow hedge reserve as follows: if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve until the future cash flows occur; and if the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. After discontinuation of hedge accounting, once the hedged future cash flows occur, the amount that remains in other comprehensive income shall be recognized considering the underlying transactions.

iv. Fair value of financial instruments (note 36)
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 Group shall have access to the principal market or the most advantageous market at the measurement date.

When measuring fair value, the Group 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 Group 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 consolidated 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 that are measured at fair value on a recurring or non-recurring basis in the consolidated statement of financial position, the Group determines whether transfers between levels of the fair value hierarchy have occurred 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 Group's accounting policies.

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

v. Classification of assets and liabilities as current and non-current

The Group's assets and liabilities are presented in the consolidated statement of financial position and classified as current and non-current. The Group 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 Group classifies all other assets as non-current.

The Group 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 Group classifies all other liabilities as non-current.

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

vi. Foreign currency transactions (note 35.A.ii)
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 profit or loss 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.

Under IAS 21, exchange differences on intragroup transactions eliminated by consolidation and exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognized in profit or loss in the consolidated financial statements.

vii. Inventories (note 10)
Inventories are measured at the lower of cost or net realizable value. The costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are recognized as follows:

Raw materials, replacement parts, materials, supplies, containers and packaging
The cost of inventories is determined using the weighted average cost method.

Finished goods and work-in-progress
The cost comprises direct labor and material costs, other direct costs, and a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods, based on the normal capacity of the production facilities. The cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

It excludes financial expenses and exchange differences.

Goods in transit
The cost comprises costs directly attributable to the acquisition of goods.

Loss allowance
The Group periodically assesses if inventories have become wholly or partially obsolete based on criteria to determine the extent to which, or manner in which, the asset is used or is expected to be used. Accordingly, it recognizes an impairment loss on inventories, which affects profit or loss in the period that the impairment loss is identified. Management reviews on an annual basis such criteria to measure a loss allowance.

viii. Held-for-sale assets (note 11)
Assets are classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Likewise, when assets are classified as held for sale, they are no longer amortized or depreciated.

ix. Investments in associates (note 12)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies.

Factors considered to determine the existence of joint control of, or significant influence over, an investee are similar to those necessary to determine the existence of control of an investee.

Investments in associates are recognized using the equity method.

Under the equity method, at initial recognition the investment in an associate is recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the investee after the date of acquisition. Goodwill relating to an associate is included in the carrying amount of the investment. Amortization of that goodwill is not permitted. Goodwill is not tested for impairment separately.

The Group's share of the investee's profit or loss is recognized in the Group's profit or loss. The investor's share of changes in the investee's other comprehensive income is recognized in the investor's other comprehensive income. The investor's share of changes recognized directly in the associate's equity is recognized directly in equity by the investor, and disclosed in the consolidated statement of changes in equity. Profits and losses resulting upstream and downstream transactions between the Group and an associate are eliminated to the extent of the investor's interest in the associate.

The Group's share of the associate's profit or loss is recognized in the Groups profit or loss, outside EBIT. The share includes profit or loss, net of taxes, and non-controlling interests of the associate's subsidiaries.

When the end of the reporting period of the entity is different from that of the associate, the associate prepares financial statements as of the same date as the financial statements of the Group. If an associate uses accounting policies other than those of the Group, adjustments shall be made to make the associate's accounting policies conform to those of the Group.

After applying the equity method, the Group assesses whether there is any objective evidence that its net investment in the associate is impaired. The Group assesses at the end of each reporting period whether there is any indication that its net investment in the associate or joint venture may be impaired. An investment in an associate is impaired when its carrying amount exceeds its recoverable amount. Any impairment loss is recognized in 'net investments in associates' in the consolidated statement of profit or loss.

If the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value. The Group recognizes in profit or loss any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate; and the carrying amount of the investment at the date the equity method was discontinued.

x. Borrowing costs (note 14.g)

The Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs are recognized in the consolidated statement of profit or loss as incurred.

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

xi. Leases (note 14)

The Group determines whether an arrangement is, or contains, a lease based on an assessment of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets; and the arrangement conveys a right to use the asset.

The Group as lessee

The Group classifies each of its leases as either an operating lease or a financial lease. A lease is classified as a financial lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

At the commencement of the lease term, the Group recognizes financial leases as assets and liabilities at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the financial charge and the reduction of the outstanding liability. The financial charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Financial expenses are recognized in the consolidated statement profit or loss.

A leased asset is amortized over the asset's useful life. However, if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term, the asset shall be amortized over the shorter of the lease term or its useful life.

An operating lease is any lease other than a financial lease. The Group recognizes lease payments from operating leases as an expense over the lease term.

The Group as lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Lease income from operating leases is recognized on a straight-line basis over the lease term in ‘revenue’ in the consolidated statement of profit or loss. Initial direct costs incurred by lessors in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the lease income. Contingent rents are recognized as revenue in the period in which they are incurred.

Right-of-use assets (note 13.a)

At the commencement date, a right-of-use asset is measured at cost. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the site on which it is located.

The Group depreciates on a straight-line basis the right-of-use asset from the commencement date to the end of the useful life of the right-of-use asset or the end of the lease term, considering whether the Group will exercise a purchase option.

The useful lives of right-of-use assets are as follows:

Description	Years
Land	3 - 30
Vehicles	3 - 6
Buildings and other constructions	3 - 40
Premises	4
Various equipment	1 - 4

In addition, the right-of-use asset is measured at cost less any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Lease liabilities (note 13.b)
At the commencement date, a lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group's incremental borrowing rate is the discount rate.

The lease payments comprise fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, among others. Likewise, an arrangement may contain non-lease components referred to as lease payments. As a practical expedient, the Group may elect not to separate non-lease components from lease components. However, payments relating to non-lease components are included in the measurement of the lease liability.

Lease liabilities are measured at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in the future lease payments resulting from a change in an index or rate; there is a change in the amounts expected to be payable under a residual value guarantee; or if the Group reassesses whether it is reasonably certain to exercise a purchase, extension or termination option. When the Group remeasures the lease liability, it recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, the Group recognizes any remaining amount of the remeasurement in profit or loss.

The financial charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Options to extend or terminate the lease are included in the lease term. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

Exceptions to recognition
The Group does not recognize right-of-use assets and lease liabilities for short-term leases of low-value assets (i.e., IT equipment) that have a lease term of 12 months or less. The Group recognizes lease payments associated with these leases as expenses on a straight-line basis over the lease term.

The Group as lessor
A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease income from operating leases is recognized on a straight-line basis over the lease term in 'other income' in the consolidated statement of profit or loss.

Initial direct costs incurred by lessors in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the lease income. Contingent rents are recognized as revenue in the period in which they are incurred.

xii. Sale and leaseback transactions
The asset under sale and leaseback transactions is included in the consolidated financial statements at the amount of the leaseback and the related liability is presented in 'other financial liabilities' in the consolidated statement of financial position (note 17(e)).

xiii. Property, plant and equipment (note 14)
An item of property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. This cost comprises costs incurred to replace part of an item of property, plant and equipment and borrowing costs for long-term construction projects, provided that the recognition criteria are met. The cost of an item of property, plant and equipment also comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (note 5.xix). If the Group recognizes in the carrying amount of an item of property, plant and equipment the cost of a replacement for part of the item, then it derecognizes the carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately. When each major inspection is performed, its cost is recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. All major inspection or overhaul costs are recognized in the consolidated 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:

Description	**Years**
Closure of quarries	3 - 40
Buildings and constructions	10 - 80
Premises	1 - 30
Machinery, equipment and strategic spare parts	3 - 50
Vehicles	2 - 15
Furniture and fixtures	2 - 30
Various equipment	1 - 15

The carrying amount of an item of property, plant and 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 consolidated statement of profit or loss.

Work-in-progress includes projects in progress and is measured at cost. The cost comprises costs that are directly attributable to the acquisition, construction or production of a qualifying asset and other direct costs. Work-in-progress is not depreciated until the asset is brought into use.

Land is measured at cost and has an indefinite useful life; therefore, it is not depreciated.

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

xiv. Mining concessions (note 14)
Mining concessions correspond to rights to explore areas of interest acquired in prior years. Mining concessions are measured at cost, less any accumulated amortization and any impairment losses. They are recognized in 'mining concessions and property, plant and equipment.' Mining concessions are amortized using the straight-line method. If the Group abandons a concession, the related costs are recognized in the consolidated statement of profit or loss.

xv. Intangible assets (note 16)
The useful life of an intangible asset may be finite or indefinite.

The Group tests an intangible asset with a finite useful life for impairment to determine whether the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. If there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset, the amortization method is changed to reflect the changed pattern. Such changes are recognized as changes in accounting estimates. The amortization charge for each period is recognized in 'expenses' in the consolidated statement of profit or loss.

Any gain or loss on derecognition of an intangible asset (determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in the consolidated statement of profit or loss.

Goodwill
The Group recognizes goodwill at the acquisition date measured as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is recognized in 'intangible assets, net' in the consolidated statement of financial position.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, which are measured at least every year in December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's cash-generating units (CGU), or groups of CGUs, that is expected to benefit from the synergies of the combination.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

A CGU to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. If the carrying amount of the unit exceeds the recoverable amount of the unit, the Group shall recognize the impairment loss. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

Customer list
Customer list is recognized in 'intangible assets, net' in the consolidated statement of financial position. It has a useful life of 10 years.

Brand
Brand is recognized in 'intangible assets, net' in the consolidated statement of financial position. It has an indefinite useful life.

Water Rights
Water rights are recognized in 'intangible assets, net' in the consolidated statement of financial position. It has an indefinite useful life.

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. 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 cost 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).

Permits
Permits are recognized in 'intangible assets, net' in the consolidated statement of financial position. They have a useful life of 40 years.

xvi. Deferred stripping costs (note 15)
The Group incurs waste removal costs (stripping costs) during the development and production phases of the open-pit mine. During the production phase, production stripping costs are incurred both in relation to usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. To the extent that the benefit from the stripping activity is realized in the form of inventory produced, the Group recognizes the costs of that stripping activity as production costs. To the extent the benefit is improved access to ore, the Group recognizes these costs as a stripping activity asset. Management uses significant judgment to distinguish development and production activities, as well as to distinguish between costs of the stripping activity asset and the inventory produced.

The Group initially measures the stripping activity asset at cost. The stripping activity asset shall be amortized over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The identified component of ore body is the more accessible as a result of the stripping activity. Management uses significant judgment to identify the component of the ore body and determine the volume of waste extracted (e.g., tons) and the expected mineral content to be extracted.

The assessments are performed for each individual mining operation based on the information available in the quarry plan. A quarry plan and identification of the component of the ore body vary between quarries for different reasons. These include, but are not limited to, the type of product, the geological characteristics of the ore body, the geographical location and/or financial considerations.

The stripping activity asset shall be depreciated over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. After initial recognition, the stripping activity asset shall be carried at either its cost or its revalued amount less depreciation and impairment losses.

xvii. Reserve estimates (note 20)
Reserves are estimates of the amount of product (ore) that can be economically and legally extracted from mineral resources. The Group estimates its ore reserves and mineral resources based on information compiled by suitably qualified professionals relating to the geological data on the size, depth and shape of the ore body. This process may require complex and difficult geological judgments to interpret the data. In order to estimate reserves, assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production costs, commodity prices and exchange rates.

Changes in the reserve estimates may affect the carrying amount of items of property, plant and equipment, provision for closure of quarries and depreciation and amortization charges.

xviii. Impairment of non-financial assets (note 14.k and 16)
At the end of each reporting period, the Group assesses whether there is any indication that a non-financial asset may be impaired. If any such indication exists, the Group 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 Group 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 Group uses current market transactions that might be available. If such market transactions are not available, the Group uses a valuation technique that is appropriate in the circumstances.

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

The Group 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 Group 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 profit or loss 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 Group 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 Group uses a long-term average growth rate to extrapolate cash flow projections.

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

An impairment loss on a non-revalued asset is recognized in ‘expenses’ in the consolidated statement of profit or loss. However, an impairment loss on a revalued asset is recognized in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset is offset against the revaluation surplus for that asset, and only when that has been exhausted, it is recognized in profit or loss.

The Group 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 Group 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. Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase.

The Group tests goodwill for impairment annually (as of December 31) and when there is any indication that goodwill may be impaired. If there is an indication that an asset may be impaired, recoverable amount is determined for the CGU or group of CGUs to which the asset belongs. If the carrying amount of the unit exceeds the recoverable amount of the unit, the Group shall recognize the impairment loss. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

xix. Provisions (note 20)

General provision
A provision is only recognized when the Group 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 consolidated 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.

Provision for closure of quarries (Peru)
The Group recognizes a provision for the costs of legal or constructive obligations to clean up contaminated land or restore facilities in the period in which the obligation is incurred. A provision for closure of quarries is measured at the amount that the Group would rationally pay to settle the obligation at the end of the reporting, using expected cash flows. The costs are recognized as an integral part of the cost of that asset. The discount rate shall be a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the liability.

Accruals are recognized as an expense as incurred in 'borrowing costs' in the consolidated statement of profit or loss. The closure costs are reviewed and adjusted, as appropriate, on an annual basis. Changes in the expected future costs or in the discount rate are added to or deducted from the cost of the asset.

Provision for environmental rehabilitation (Ecuador)
The Group makes judgments and estimates to recognize costs and measure provisions related to the environmental management plan. They are based on current information on the estimated rehabilitation costs and environmental rehabilitation plans required by law.

The actual costs may differ from the estimates due to changes in the laws and regulations, discovery and analysis of site conditions, and changes in the clean-up technology. Therefore, any change in the facts and circumstances related to this provision and in the laws and regulations may have a significant effect on the provision recognized. The provision for environmental rehabilitation is reviewed on an annual basis using a study that is updated every 3 years.

xx. Contingent assets and contingent liabilities (note 34.D)
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 consolidated 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.

xxi. Employee benefits
The Group'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 consolidated statement of comprehensive income on an accrual basis.

Retirement and termination benefits and other employee benefits (note 20(b))
The Group has a defined benefit plan (i.e., post-employment benefit plan) that regulated and required by the employment and labor law of Ecuador. Under applicable laws, in the event of termination of employment at the request of the employer or employee, the employer will give the employee a bonus of 25% of the last monthly salary for each year of service. This employee benefit is referred as termination benefits. The Group has an additional employee benefit plan for employees under a collective agreement.

The Group annually measures the provision for retirement and termination benefits based on actuarial assumptions made by an independent specialist. It is recognized in the consolidated statement of profit or loss using the projected unit credit method and is the present value of the defined benefit obligation at the reporting date, which is measured by discounting estimates of future cash flows at an annual rate equivalent to the average rate of U.S. bonds stated in the currency in which the benefits are paid and have terms that are an approximation of terms of pension plans until maturity.

The actuarial assumptions include factors such as discount rate, mortality rate, age, sex, year of service, compensation, future increase in compensation, turnover rate, among others.

Actuarial gains and losses resulting from experience adjustments and the effects of changes in the actuarial assumptions are recognized in other comprehensive income when they arise. Any past service cost is recognized in profit or loss.

xxii. Revenue recognition (note 24)
The Group is engaged in the sale of cement, concrete and precast concrete, the supply of electric power and other services. The Group recognizes revenue from contracts with customers when (or as) the Group satisfies a performance obligation is satisfied by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control over that asset.

Sale of goods
The Group identify the sale of goods as a performance obligation. Revenue is recognized when the Group transfers control of the goods to the customer—i.e., upon delivery.

IFRS 15 establishes a five-step model for the recognition of revenue from contracts with customers:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations; and
- recognize revenue when (or as) a performance obligation is satisfied.

IFRS 15 provides a clear rationale for the recognition of revenue by an entity and takes a principle-based approach to recognizing revenue.

The Group does not have a contract that has multiple performance obligations; therefore, it is not required to allocate the transaction price to the performance obligations in the contract (e.g., warranties, customer loyalty programs).

Sale of power and energy
Revenue from the sale of power and energy is monthly recognized over time based on meter reading periods and are fully recognized when the service is rendered. Revenue from power delivered but not invoiced, which is generated between the last meter reading period and the end of each month, is included in the invoice of the following month, but is recognized in the relevant month based on estimates of the power consumed by the customer during such period.

Rendering of services
Revenue from rental services of gantry cranes, overhead cranes and hydroelectric power plants and other services is recognized over time.

The Group identifies separate performance obligations and allocates the transaction price to each performance obligation.

In some contracts, the Group grants the customer the right to return the good and offers trade discounts and volume rebates.

Interest revenue
Interest revenue is recognized using the effective interest method. Interest is presented in 'financial income' in the consolidated statement of profit or loss.

xxiii. Recognition of costs and expenses
Costs and expenses are recognized on an accrual basis, regardless of when they are incurred, in the periods to which they relate.

xxiv. Taxes (notes 21 and 34.C)

Current tax
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 profit or loss, directly in equity. Management assesses on an ongoing basis the income tax treatment used by the Group in its income tax filings regarding situations in which the applicable tax laws are subject to interpretation. The Group recognizes a provision, as appropriate.

Deferred tax
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 Group 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 Group assesses the unrecognized deferred tax assets, and recognized deferred tax assets. The Group measures deferred tax assets and liabilities at the tax rate applicable to undistributed profits. The Group recognize the income tax consequences of dividends when it recognizes a liability to pay a dividend.

The Group 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 Group did not identify uncertain tax treatments that would result in the recognition of provisions in the consolidated financial statements.

Mining royalties (note 34.E)
In accordance with Law 28258, amended by Law 29788, mining royalty payments are the higher of a percentage of operating profit or 1% of profits. If a mining royalty is calculated as a percentage of operating profit, marginal tax rates ranging from 1% to 12% are applicable. Such rates increase gradually for entities with higher operating margins. Mining royalties are recognized under IAS 12 *Income Taxes* since they meet the requirements of taxes. Royalty payments are required by the Peruvian government and are based on profits, net of expenses after adjustments for temporary differences, rather than on the amount produced or a percentage of profits. They are measured using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Consequently, royalty payments made by the Group to the Peruvian government are within the scope of IAS 12.

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 consolidated statement of financial position.

xxv. Earnings per share (note 33)

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 Group does not have dilutive financial instruments; therefore, the basic and diluted earnings per share are the same.

xxvi. Operating segments (note 38)

The Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance is the Board of Directors. Management identified its operating segments based on the reports reviewed by the Board of Directors.

The Board of Directors considered the business from a product line perspective: cement, ready-mix, power and others, with cement being the main segment, accounting for 50.95% of revenues in 2023 (56.04% of revenues in 2022).

6. Significant Accounting Judgments, Estimates and Assumptions

In preparing these consolidated 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 consolidated financial statements comprise the following:

- Impairment of long-lived assets.

- Reserve and resources estimates.

In management's opinion, the estimates included in the consolidated 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.

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

A. New IFRSs and amendments

The Group has considered all future available information obtained after the reporting date up to the date of approval and issuance of the accompanying consolidated financial statements. The following matters were considered in preparing these consolidated financial statements.

Effective date	New IFRSs 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)

Effective date	New IFRSs or amendments
	International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)

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

B. Standards issued but not yet effective

The following standards are applicable to annual periods beginning on or after January 1, 2024, 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 or 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 issued but not yet effective are not expected to have a significant effect on the Group's consolidated financial statements.

8. Cash and Cash Equivalents

This caption comprises the following:

In thousands of soles	2023	2022
Checking and savings accounts (a)	321,056	239,654
Time deposits (b)	78,818	93,614
Fixed funds	1,401	1,577
	401,275	**334,845**

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

9. 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					
Invoices and bills receivable (a)		736,033	608,643	22,052	19,030
Provision for invoices receivable (b)		56,140	74,032	-	-
		792,173	**682,675**	**22,052**	**19,030**
Related parties					
Accounts receivable from related parties	*32(b)*	32,877	39,191	-	-
Others					
Advances to suppliers (c)		40,341	18,642	31,258	-
Claims to Tax Authorities (d)		43,880	17,835	42,789	72,088
Loans to employees		6,556	9,949	-	-
Third-party claims		4,527	5,195	-	2,800
Hedging financial instruments	*35.A.i.*	-	-	2,797	4,063
Other accounts receivable		28,404	18,047	3,295	3,110
		123,708	**69,668**	**80,139**	**82,061**
Taxes					
Payments on account of income tax on profits (e)		39,203	33,596	-	-
Tax credit in respect of value added tax (f)		36,333	39,490	61,302	1,184
		75,536	**73,086**	**61,302**	**1,184**
		1,024,294	**864,620**	**163,493**	**102,275**
Less: Expected credit loss (g)		(37,097)	(30,291)	(22,052)	(19,030)
		987,197	**834,329**	**141,441**	**83,245**

(a) Invoices receivable are stated in local and foreign currency, have current maturity and do not accrue interest. Bills receivable have current maturity and accrue interest at market rates.

(b) As of December 31, 2023 and 2022, it corresponds to loss allowances for accounts receivable from the sale of energy, power and precast concrete in December of those years for S/ 56,140,000 and S/ 74,032,000, respectively. They were invoiced and paid at the beginning of the following year.

(c) As of December 31, 2023 and 2022, it corresponds to advance payments made to suppliers for the acquisition of machinery and equipment, as well as the rendering of various services. These are paid in the short and long term.

(d) As of December 31, 2023 and 2022, it corresponds to claims to the Tax Authorities mainly related to income tax, mining royalties and the retirement fund for mining, metallurgical and steel workers, among others (note 34.D.i).

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.

(e) 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 (note 34 C.(e)).

(f) As of December 31, 2023, it corresponds mainly to the sales tax credit generated mainly by the subsidiaries Termochilca, UNACEM Chile and UNACEM Peru S.A (2022: by the subsidiaries UNACEM Chile and UNACEM Peru S.A).

In management's opinion, down payments of income tax will be applied against future taxes levied in the current and non-current period.

(g) Movement in the loss allowance for the years ended December 31, 2023 and 2022 is as follows:

In thousands of soles	***Note***	**2023**	**2022**
Opening balance		49,321	44,847
Provisions	*26, 27 and 29*	11,926	5,909
Acquisition of subsidiaries	*1.B*	3,992	-
Write-off and others		(2,903)	(23)
Reversals	*29*	(1,741)	(200)
Effects of exchange difference and translation		(1,446)	(1,212)
Closing balance		**59,149**	**49,321**

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.

(h) As of December 31, 2023 and 2022, the Company assessed the exposure to credit risk of trade accounts receivable (note 35.B).

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

			Past due but not impaired				
	Total	**Neither past due nor impaired**	**Less than 30 days**	**30-90 days**	**91-180 days**	**More than 180 days**	**Impaired**
2023	1,187,787	1,003,628	76,840	21,679	14,602	11,889	59,149
2022	966,895	803,724	76,921	20,335	6,990	9,604	49,321

10. Inventories

This caption comprises the following:

In thousands of soles	2023	2022
Spare parts and supplies (a)	364,451	298,151
Raw materials and auxiliary materials (c)	257,327	236,334
Work-in-progress (b)	329,443	217,903
Finished goods	58,820	55,693
Packaging	30,643	64,304
Goods in transit	18,121	10,126
	1,058,805	**882,511**
Provision for inventory obsolescence (d)	(22,231)	(30,866)
	1,036,574	**851,645**

(a) It corresponds to replacement parts that will be used by the Group in the short term. The replacement parts that the Group expects to use in a period greater than one year are presented in 'machinery and equipment and major replacement parts' in 'mining concessions and property, plant and equipment, net' (note 14).

(b) It corresponds to coal, pozzolana, gypsum, clay, clinker in production and limestone extracted from the Group's quarries. According to management, they will be used in the production phase in the short term.

(c) Raw and auxiliary materials include mainly coal, pozzolana, iron ore and clinker purchased from third party suppliers.

(d) Movement in the provision for inventory obsolescence for the year ended December 31, 2023 and 2022 is as follows:

In thousands of soles	*Note*	2023	2022
Opening balance		30,866	27,220
Provisions	*25*	2,957	6,133
Reversals	*29*	(1,011)	-
Effects of translation		14	(666)
Write-off		(10,595)	(1,821)
Closing balance		**22,231**	**30,866**

In management's opinion, the provision for inventory obsolescence adequately hedges the obsolescence risk as of December 31, 2023 and 2022.

11. Available for Sale Assets

As of December 31, 2023, the subsidiaries Skanon and PREANSA Chile transferred S/ 22,072,000 and S/ 8,851,000 corresponding to land and precast plant, respectively, from 'mining concessions, property, plant and equipment' to 'assets held for sale'.

Management expects to close the sale and purchase negotiations in the first half of 2024.

12. Investments in Associates

This caption comprises the following:

	Number of shares		Interests (%)		Carrying amount	
In thousands of soles	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Master Builders Solutions Perú S.A.	209,520	209,520	30	30	15,023	13,877
Ferrocarril Central Andino S.A.	2,480,041	2,480,041	16.49	16.49	9,776	3,273
Ferrovías Central Andina S.A.	250,509	250,509	15	15	4,358	3,574
Compañía de Inversiones Santa Cruz S.A.	12,390	12,390	8.85	8.85	2,353	2,342
Others	-	-	-	-	662	668
					32,172	**23,734**

(a) Movement in this caption was as follows:

In thousands of soles	**2023**	**2022**
Opening balance	23,734	20,961
Investments in subsidiaries	12,112	3,861
Dividends received	(3,668)	(1,070)
Other adjustments to retained earnings	(6)	(18)
Closing balance	**32,172**	**23,734**

(b) The following table provides information of the financial statements of associates prepared in accordance with IFRSs:

	Master Builders Solutions Perú S.A.		Ferrocarril Central Andino S.A.		Ferrovías Central Andina S.A.		Compañía de Inversiones Santa Cruz S.A.	
In thousands of soles	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Total assets	86,929	76,763	429,328	423,782	114,420	125,565	36,901	36,459
Total liabilities	36,853	30,508	275,542	311,261	75,363	90,874	10,304	9,979
Total net equity	50,076	46,255	153,786	112,521	39,057	34,691	26,597	26,480
Net sales	106,912	107,429	208,491	231,485	60,238	61,830	293	134
Profit or loss	16,048	11,773	44,308	46,060	5,231	2,042	117	-

13. Right-of-use Assets and Lease Liabilities

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

In thousands of soles	*Note*	Land	Buildings and constructions	Vehicles	Premises	Various equipment	Total
Cost							
As of January 01, 2022		26,954	4,142	3,834	1,845	23,962	60,737
Additions		1,174	-	963	127	5,881	8,145
Disposals		-	-	-	-	(4,562)	(4,562)
Others		(139)	-	-	189	(255)	(205)
Effects of translation		(1,021)	(227)	(192)	24	(145)	(1,561)
As of December 31, 2022		**26,968**	**3,915**	**4,605**	**2,185**	**24,881**	**62,554**
Additions		5,911	-	2,383	686	8,688	17,668
Acquisition of subsidiaries	*1.B*	-	159,002	714	-	142	159,858
Disposals		(18,081)	-	-	(2,185)	(9,262)	(29,528)
Others		(1,457)	-	-	-	-	(1,457)
Effects of translation		(756)	(564)	(208)	-	(142)	(1,670)
As of December 31, 2023		**12,585**	**162,353**	**7,494**	**686**	**24,307**	**207,425**
Accumulated depreciation							
As of January 01, 2022		14,545	1,049	2,983	1,281	16,622	36,480
Additions (c)		4,844	128	342	558	4,014	9,886
Disposals		-	-	-	-	(4,561)	(4,561)
Others		-	-	45	170	(256)	(41)
Effects of translation		(590)	(56)	(158)	43	(89)	(850)
As of December 31, 2022		**18,799**	**1,121**	**3,212**	**2,052**	**15,730**	**40,914**
Additions (c)		2,573	5,816	689	270	5,232	14,580
Acquisition of subsidiaries	*1.B*	-	48,490	-	-	-	48,490
Disposals		(18,169)	-	-	(1,796)	(9,262)	(29,227)
Others		(117)	-	-	-	-	(117)
Effects of translation		(544)	(67)	(157)	-	(139)	(907)
As of December 31, 2023		**2,542**	**55,360**	**3,744**	**526**	**11,561**	**73,733**
Net carrying amount							
As of December 31, 2023		**10,043**	**106,993**	**3,750**	**160**	**12,746**	**133,692**
As of December 31, 2022		**8,169**	**2,794**	**1,393**	**133**	**9,151**	**21,640**

(b) Movement in the lease liabilities is as follows:

In thousands of soles	*Note*	2023	2022
Opening balance		22,245	24,840
Additions		17,685	8,132
Acquisition of subsidiaries	*1.B*	122,481	-
Lease payments		(20,950)	(11,016)
Others		3,350	483
Exchange difference		853	(194)
Closing balance		**145,664**	**22,245**
Classification upon maturity			
Current		21,821	8,024
Non-current		123,843	14,221
		145,664	**22,245**

(c) Depreciation charge was allocated to the consolidated statement of profit or loss as follows:

In thousands of soles	***Note***	**2023**	**2022**
Cost of sales	*25*	13,137	9,178
Administrative expenses	*26*	1,413	673
Sales expenses	*27*	30	35
		14,580	**9,886**

(d) As of December 31, 2023 and 2022, the Group only has leases with fixed payments.

14. Mining Concessions and Property, Plant and Equipment

This caption comprises the following:

In thousands of soles	*Note*	Mining concessions (a)	Land	Closure of quarries	Buildings and constructions	Premises	Machinery and equipment and major replacement parts	Vehicles	Furniture and fixtures	Various equipment	Goods in transit	Work-in-progress (i)	Total
Costs													
As of January 01, 2022		107,914	1,063,967	26,156	4,423,063	185,318	5,093,642	678,793	25,872	191,023	415	251,236	12,047,399
Additions (c)		-	7,186	1,812	4,530	4,831	25,224	49,855	921	7,558	1,983	425,631	529,531
Acquisition of subsidiaries	*1.B*	1,102	4,390	-	-	-	1,740	58	-	168	-	-	7,458
Transfers (d)		-	7,371	-	33,042	3,545	106,848	19,524	121	5,207	(1,528)	(174,130)	-
Disposals and sales (e)		-	(395)	(1,020)	(9,480)	(2,151)	(65,786)	(32,596)	(756)	(4,258)	-	(115)	(116,557)
Others		166	1,983	(1,727)	2,073	-	777	-	1	-	(354)	(104)	2,815
Effects of translation		85	(9,476)	-	(91,815)	(1,338)	(49,768)	(8,494)	(162)	(2,909)	(20)	(4,340)	(168,237)
As of December 31, 2022		**109,267**	**1,075,026**	**25,221**	**4,361,413**	**190,205**	**5,112,677**	**707,140**	**25,997**	**196,789**	**496**	**498,178**	**12,302,409**
Additions (c)		-	7,239	1,256	4,249	10,636	74,312	54,843	384	15,872	1,985	450,883	621,659
Acquisition of subsidiaries	*1.B*	102,028	120,503	-	448,257	-	655,447	6,034	516	37,233	-	6,688	1,376,706
Transfers (d)		-	-	-	68,544	23,067	140,234	17,184	3,188	18,407	(2,389)	(268,235)	-
Disposals and sales (e)		-	(3,163)	-	(15,363)	-	(53,094)	(58,022)	(2,003)	(16,260)	-	(17,317)	(165,222)
Reclassification	*11*	-	(22,072)	-	(51,548)	-	(5,707)	-	-	-	-	44,019	(35,308)
Others		-	-	164	761	(172)	1,717	97	2	(49)	-	(118)	2,402
Effects of translation		(2,800)	(7,976)	-	(59,375)	(1,382)	(39,989)	770	(107)	(1,990)	-	(5,412)	(118,261)
As of December 31, 2023		**208,495**	**1,169,557**	**26,641**	**4,756,938**	**222,354**	**5,885,597**	**728,046**	**27,977**	**250,002**	**92**	**708,686**	**13,984,385**
Accumulated depreciation													
As of January 01, 2022		19,724	-	16,480	1,350,822	123,682	2,367,654	500,814	23,534	141,832	-	-	4,544,542
Additions (f)		124	-	2,305	110,490	12,153	258,065	53,763	760	10,342	-	-	448,002
Disposals and sales (e)		-	-	(773)	(9,212)	(1,937)	(57,378)	(29,193)	(643)	(4,168)	-	-	(103,304)
Others		-	-	-	-	-	317	-	-	(15)	-	-	302
Effects of translation		-	-	-	(27,892)	(877)	(25,690)	(3,890)	(125)	(2,042)	-	-	(60,516)
As of December 31, 2022		**19,848**	**-**	**18,012**	**1,424,208**	**133,021**	**2,542,968**	**521,494**	**23,526**	**145,949**	**-**	**-**	**4,829,26**
Additions (f)		529	-	459	121,218	14,787	259,318	59,733	686	11,514	-	-	468,244
Acquisition of subsidiaries	*1.B*	-	1,124	-	171,568	-	210,537	84	335	18,687	-	-	402,335
Disposals and sales (e)		-	-	-	(36,775)	-	(31,880)	(47,216)	(5,629)	(16,080)	-	-	(137,580)
Reclassification	*11*	-	-	-	(1,714)	-	(2,671)	-	-	-	-	-	(4,385)
Others		-	-	(4,285)	(285)	(16)	732	-	264	(32)	-	-	(3,622)
Effects of translation		(1)	-	-	4,746	(1,103)	(42,034)	(1,590)	3,552	(1,411)	-	-	(37,841)
As of December 31, 2023		**20,376**	**1,124**	**14,186**	**1,682,966**	**146,689**	**2,936,970**	**532,505**	**22,734**	**158,627**	**-**	**-**	**5,516,177**
Net carrying amount													
As of December 31, 2023		**188,119**	**1,168,433**	**12,455**	**3,073,972**	**75,665**	**2,948,627**	**195,541**	**5,243**	**91,375**	**92**	**708,686**	**8,468,208**
As of December 31, 2022		**89,419**	**1,075,026**	**7,209**	**2,937,205**	**57,184**	**2,569,709**	**185,646**	**2,471**	**50,840**	**496**	**498,178**	**7,473,383**

(a) As of December 31, 2023 and 2022, it corresponds to the Company's concessions of the Atocongo, Atocongo Norte, Pucará, Oyón, El Silencio 8, Selva Alegre, Cumbas, Pastaví (UNACEM Ecuador) and Jicamarca (UNICON Perú) and Monolith (Tehachapi) quarries.

(b) As of December 31, 2023, tthe carrying amount of assets acquired through leases and sale and leaseback transactions amounts to S/ 105,922,000 (2022: S/ 135,686,000). In 2023, additions amount to S/ 40,493,000 (2022: S/ 82,755,000) under leases and sale and leaseback transactions. The leased assets guarantee the lease liabilities (note 17(e)).

(c) In 2023, additions correspond to:

i. Additions from the subsidiary UNACEM Peru, for projects of dedusting in kiln 3 at the Condorcocha plant. Likewise, we continue to expand the packaging and product dispatch capacity at both plants: Atocongo and Condorcocha; the aforementioned projects amount to S/. 103,855,000.

ii. Additions from the subsidiary Drake Cement, for disbursements made for the following projects: integral mill project and improvements to the raw mill, roller press, repairs to the clinker cooler, mechanical workshop and pre-operating expenses for the opening of the Frenchy Hill quarry for approximately US$ 22,007,000 (equivalent to S/ 81,535,000), as well as the purchase of machinery and equipment for approximately US$ 4,013,000 (equivalent to S/ 14,867,000).

iii. Additions of works in progress of the subsidiary UNACEM Ecuador for projects to increase the production capacity of kiln 1 and hydrogen injection kiln 1 for approximately US$ 18,372,000 (equivalent to S/. 68,068,000).

iv. Additions of the subsidiary UNICON Peru for: i) acquisition of front-end loaders for S/ 22,644,000, ii) concrete launchers and pumps for S/ 1,616,000, overhaul of trucks for S/ 1,545,000, iii) works in progress for repair of trucks for S/ 2,885,000 and iv) overhaul and commissioning of mixing plants for S/ 4,773,000.

v. Additions of Compañía Eléctrica El Platanal S.A. for the expansion of the control center, buffer reservoir, acquisition of an impeller, improvements in the Paucarcocha instrumentation system and relocation of the data center for S/ 10,558,000.

vi. Additions of UNICON Chile for acquisitions of: (i) new Panamericana and San Antonio plants; as well as improvements of other plants for S/ 10,491,000 and (ii) overhaul of trucks for S/ 2,715,000.

vii. Additions of Concremax S.A. for (i) truck overhaul and plant assembly for S/ 5,208,000, (ii) Toromocho aggregates plant assembly for S/ 4,404,000 and (iii) two secondary and tertiary impactor mills and excavator for S/ 2,823,000.

viii. Additions of CERE for the investment in social commitments for S/ 6,800,000.

ix. Additions of INMA, for office improvements for S/ 7,032,000.

x. Additions of subsidiary Sunshine Concrete & Materials Inc for the acquisition of machinery, equipment and trucks for US$ 1,380,000 (equivalent to S/ 5,114,000).

In 2022, additions correspond to:

i. Additions from the subsidiary UNACEM Perú, for projects to expand the packaging and product dispatch capacity at both plants, the optimization of the clinker cooler and dedusting in kiln 3 at the Condorcocha plant, as well as the following projects at the Atocongo plant: structural reinforcement and improvement of the discharge system, improvements to the cement mills and the primary crusher; the aforementioned projects total approximately S/ 80,449,000.

ii. Additions of Drake Cement L.L.C. for the execution of the projects of construction of a new warehouse and improvements to the raw mill for US$ 21,590,000 (equivalent to S/ 82,214,000).

iii. Additions of subsidiary Sunshine Concrete & Materials Inc for the acquisition of machinery, equipment and trucks for US$ 8,408,000 (equivalent to S/ 32,018,000).

iv. Additions of works in progress of the subsidiary UNACEM Ecuador for projects of cement mill reducer 2, increase in production capacity of kiln 1, biomass conditioning for fuel increase, frequency inverter for kiln 1 and multi-fuel project (phase 2) for approximately US$ 6,698,000 (equivalent to S/ 25,507,000).

v. Additions from the subsidiary PREANSA Chile for the mobile plant project for the construction of an industrial bridge for approximately S/ 9,848,000.

vi. Additions of UNICON Perú for the i) acquisition of front-end loaders for S/ 17,270,000, ii) acquisition of concrete mixer trucks for S/ 2,027,000, iii) overhaul of trucks for S/ 5,283,000 and iv) overhaul and commissioning of mixing plants for S/ 1,526,000.

vii. Additions of UNICON Chile for the acquisition of concrete mixer trucks, front loaders and cranes S/ 4,731,000 and overhaul of trucks for S/ 6,438,000.

viii. Additions of the subsidiary Concremax for truck overhaul and plant assembly for approximately S/ 9,559,000.

(d) In 2023, transfers correspond to:

i. The subsidiary UNACEM Peru completed the works related to the expansion of packaging and product dispatch capacity called "Nueva embolsadura N° 6", and palletizers in the Condorcocha plant for S/. 47,045,000. Such projects were transferred from ‘work-in-progress’ to ‘mining concessions and property, plant and equipment.’

ii. The subsidiary Drake Cement L.L.C. completed projects related to land development for US$ 2,510,000 (equivalent to S/. 9,300,000). Such projects were transferred from 'work-in-progress' to 'mining concessions and property, plant and equipment.'

iii. The subsidiary UNACEM Ecuador completed the projects related to increasing production capacity in line 1 of the kiln and conditioning biomass for fuel upgrading, for approximately US$ 20,613,000 (equivalent to S/ 76,372,000). Such projects were transferred from 'work-in-progress' to 'mining concessions and property, plant and equipment.'

iv. The subsidiary UNICON Peru performed major inspections of concrete mixer trucks, pumps and front-end loaders for S/ 6,086,000 and concrete batching plant for S/ 7,561,000. Such projects were transferred from 'work-in-progress' to 'mining concessions and property, plant and equipment, net.'

v. The subsidiary CONCREMAX carried out the activation related mainly to the overhaul of trucks and pumps for S/ 6,133,000, the refurbishment of concrete plants for S/ 2,883,000, the overhaul of crushing equipment for S/ 3,690,000, the fire fighting system project for S/ 1,108,000 and the refurbishment of the new bagging plant for S/ 838,000. Such projects were transferred from 'work-in-progress' to 'mining concessions and property, plant and equipment, net.'

vi. The subsidiary UNICON Chile made the activation related enabling new concrete plants and overhaul of trucks for S/ 9,768,000. Such projects were transferred from 'work-in-progress' to 'mining concessions and property, plant and equipment, net.'

vii. The subsidiary INMA made the activation related to the office remodeling project for S/ 12,949,000. Such projects were transferred from 'work-in-progress' to 'mining concessions and property, plant and equipment, net.'

In 2022, transfers correspond to:

i. The subsidiary UNACEM Perú completed the works related to the structural reinforcement and internal modification of two chambers of the multisilo at the Atocongo plant, as well as the improvement projects in machinery and construction of the engineering division of the Atocongo and Condorcocha plants, for approximately S/ 32,999,000. Such projects were transferred from 'work-in-progress' to 'mining concessions and property, plant and equipment, net.'

ii. The Subsidiary Drake Cement LLC completed the projects related to the multipurpose storage, integral project of the crude mill, roller press for the crude mill and burner system, for approximately US$ 9,837,000 (equivalent to S/ 37,460,000). Such projects were transferred from 'work-in-progress' to 'mining concessions and property, plant and equipment, net.'

iii. The subsidiary UNICON Perú, performed major inspections of concrete mixer trucks, pumps and front-end loaders for S/ 11,210,000 and concrete batching plant for S/ 2,333,000, which were transferred to the relevant items.

iv. The subsidiary CONCREMAX, carried out the activation related mainly to the overhaul of trucks and pumps for approximately S/ 2,274,000, the refurbishment of concrete plants for approximately S/ 1,849,000, the overhaul of crushing equipment for approximately S/ 1,464,000 and the refurbishment of the new bagging plant for approximately S/ 182,000.

(e) In 2023, mainly includes asset retirements made by: (i) the subsidiary DRM for sales of mixer trucks, whose cost and accumulated depreciation amounted to approximately US$ 2,205,000 and US$ 2,187,000 (equivalent to S/ 8,169,000 and S/ 8,103,000, respectively), (ii) the subsidiary Sunshine for sales of machinery and equipment, whose cost and accumulated depreciation amounted to approximately US$ 10,120,000 and US$ 8,177,000 (equivalent to S/ 37,494,000 and S/ 30,294,000, respectively), (iii) the subsidiary UNICON Perú for sales of mixer trucks and front loaders, whose cost and accumulated depreciation amounted to approximately S/ 29,272,000 and S/ 28,647,000, respectively, and (iv) the subsidiary CONCREMAX for sales of mixer trucks and front loaders, whose cost and accumulated depreciation amounted to approximately S/ 3,729,000 and S/ 3,693,000, respectively.

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

(f) In 2023 and 2022, depreciation charge was allocated as follows:

In thousands of soles	***Note***	**2023**	**2022**
Cost of sales	*25*	454,342	430,305
Administrative expenses	*26*	11,204	14,849
Sales expenses	*27*	576	746
Other expenses	*29*	2,122	2,102
		468,244	**448,002**

(g) In 2023, interest was capitalized for S/ 6,077,000 (2022: S/ 3,157,000). The amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the outlays on that asset. As of December 31, 2023, the rate used to determine the amount of borrowing costs eligible for capitalization was 4.33% (2022: 3.88%).

(h) Skanon Investments Inc. has security agreements on plants, vehicles and equipment located in the United States, which guarantee loans (note 17(e)).

On the other hand, UNICON Perú has a mortgage on the Ancieta and Villa El Salvador plants for up to S/ 152,320,000 (equivalent to US$ 40,000,000), issued by Scotiabank Peru S.A.A. to guarantee the loan granted by this bank (note 17(e)).

Likewise, UNACEM Chile has a mortgage on the San Juan plant for US$ 23,000,000 issued by Banco de Crédito e Inversiones S.A. to guarantee the loan granted by this bank (note 17 (e)).

(i) Work-in-progress comprises the following:

In thousands of soles	**2023**	**2022**
Buildings and constructions	154,935	128,824
Machinery and equipment	553,751	369,354
	708,686	**498,178**

(j) The Group insured its main assets in accordance with management's policies. In management's opinion, its insurance contracts are consistent with the international practice in the sector.

(k) As of December 31, 2023 and 2022, management assessed whether there is any indication that an intangible asset may be impaired and did not identify any such indication. Therefore, it is not necessary to establish a provision for impairment at those dates.

15. Stripping Activity Assets

This caption comprises the following:

In thousands of soles	***Note***	**2023**	**2022**
Cost			
Opening balance		164,912	164,912
Closing balance		**164,912**	**164,912**
Accumulated depreciation			
Opening balance		69,051	62,384
Additions	*25*	3,650	6,667
As of December 31		**72,701**	**69,051**
Net assets			
As of December 31		**92,211**	**95,861**

As of December 31, 2023 and 2022, UNACEM Peru has three identifiable components (quarries): Atocongo, Atocongo Norte and Pucará. These quarries have a specific volume of limestone and waste.

16. Intangible Assets

This caption comprises the following:

In thousands of soles	*Note*	Concession for the generation of electrical energy (a)	Goodwill (b)	Customer list	Brand	Environmental protection program	Exploration expenses	Software	Permits	Water rights	Others	Total
Cost												
As of January 01, 2022		62,600	1,178,802	20,925	165,314	17,071	4,973	56,761	-	-	45,922	1,552,368
Additions		-	3,862	-	10	-	-	8,439	-	-	14,083	26,394
Others		-	-	-	-	-	-	(12)	-	-	382	370
Disposals and derecognition	29	-	(3,207)	-	-	-	-	-	-	-	-	(3,207)
Effects of translation		-	(2,852)	-	(6,948)	-	(161)	(422)	-	-	(322)	(10,705)
As of December 31, 2022		**62,600**	**1,176,605**	**20,925**	**158,376**	**17,071**	**4,812**	**64,766**	**-**	**-**	**60,065**	**1,565,220**
Additions		-	-	-	-	-	-	16,883	-	-	11,866	28,749
Acquisition of subsidiaries	1.B	-	32,733	-	-	-	-	16,047	569,147	49,872	70,026	737,825
Derecognition, offsetting and others		(1,271)	-	-	-	-	-	(2,929)	-	-	(7,381)	(11,581)
Effects of translation		-	(3,007)	-	(4,289)	-	(99)	(698)	(15,250)	(1,337)	(274)	(24,954)
As of December 31, 2023		**61,329**	**1,206,331**	**20,925**	**154,087**	**17,071**	**4,713**	**94,069**	**553,897**	**48,535**	**134,302**	**2,295,259**
Accumulated amortization												
As of January 01, 2022		42,991	-	9,491	178	17,071	3,698	41,480	-	-	32,566	147,475
Additions (c)		1,873	-	1,906	24	-	246	4,821	-	-	3,475	12,345
Effects of translation		-	-	-	(10)	-	(108)	(233)	-	-	(43)	(394)
As of December 31, 2022		**44,864**	**-**	**11,397**	**192**	**17,071**	**3,836**	**46,068**	**-**	**-**	**35,998**	**159,426**
Additions (c)		1,484	-	1,906	2	-	239	6,122	2,290	-	5,695	17,738
Acquisition of subsidiaries	1.B	-	-	-	-	-	-	205	-	-	18,281	18,486
Withdrawals and others		(1,659)	-	-	-	-	-	(2,896)	-	-	(7,073)	(11,628)
Effects of translation		-	-	-	(11)	-	(77)	(204)	(18)	-	(164)	(474)
As of December 31, 2023		**44,689**	**-**	**13,303**	**183**	**17,071**	**3,998**	**49,295**	**2,272**	**-**	**52,737**	**183,548**
Net carrying amount												
As of December 31, 2023		**16,640**	**1,206,331**	**7,622**	**153,904**	**-**	**715**	**44,774**	**551,625**	**48,535**	**81,565**	**2,111,711**
As of December 31, 2022		**17,736**	**1,176,605**	**9,528**	**158,184**	**-**	**976**	**18,698**	**-**	**-**	**24,067**	**1,405,794**

(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. 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.

(b) Goodwill comprises the higher transaction price paid for the acquisition of the following subsidiaries:

In thousands of soles	**Category**	***Note***	**2023**	**2022**
CGU				
UNACEM Ecuador S.A.	Cement/Concrete - Ecuador		1,025,529	1,023,795
Concremax S.A., SAG Concreto Premezclado S.A. and Entrepisos Lima S.A.C.	Concrete and aggregates – Peru		65,327	65,327
Maricopa Ready Mix & Subsidiaries, Sunshine Concrete & Materials Inc. and others	Concrete and aggregates – United States		39,673	39,673
Tehachapi Cement	Cement / Concrete - United States	*1.B*	32,733	-
UNICON Chile S.A.	Concrete – Chile		17,393	17,393
Lar Carbón S.A.	Cement – Peru		9,745	9,745
Constructora de Obras Civiles y Viales Limitada	Aggregates - Chile	*1. B*	3,862	3,862
UNICON UCUE Cía. Ltda.	Concrete – Ecuador		-	1,734
			1,194,262	**1,161,529**
Effects of translation			12,069	15,076
			1,206,331	**1,176,605**

Impairment test for goodwill and brand with an indefinite useful life
For impairment testing, goodwill acquired in a business combination is allocated to CGUs of the acquiree.

Cash-generating Units
In measuring value in use of a CGU the Group bases cash flow projections on the most recent financial budgets/forecasts approved by management and uses the appropriate discount rate to those future cash flows. The Group discloses the information on the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the industries in which the Group operates.

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

CGU	Category	Discount rate %	Average annual growth rate (long term) %	Average EBITDA margin (long term) %
Imbabura and Subsidiary (includes UNACEM Ecuador S.A. and Cantyvol S.A.) (*)	Cement – Ecuador	10.48	5.19%	36.00%
Concremax S.A., SAG Concreto Premezclado S.A. and Entrepisos Lima S.A.C.	Concrete and aggregates – Peru	6.54	4.77%	8.78%
Drake Materials and Subsidiary (include Drake Aggregates, Dessert Ready Mix, Maricopa Ready Mix & Subsidiaries, Sunshine Concrete & Materials Inc. and others	Concrete and aggregates – United States	6.42	4.41%	27.00%

(*) The impairment test includes the brand of UNACEM Ecuador with an indefinite useful life.

Key assumptions used to measure value in use

- ***EBITDA margin***

The margin is based on historical multiples recognized in the years prior to the beginning of the budget period. It is increased during the budget period through profitability improvements, considering the country in which each subsidiary operates.

- ***Discount rate***

The discount rate reflects current market assessments of the risks specific to the asset for which the future cash flow estimates have been adjusted and the country risk.

- ***Growth rate***

The growth rate shall not exceed the long-term average growth rate for the industries, or country or countries in which the Group operates, or for the market in which the asset is used.

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 (about growth rate or discount rate) on which management based its determination of the unit's recoverable amount would cause its carrying amount to exceed its recoverable amount.

(c) In 2023 and 2022, amortization charge was allocated as follows:

In thousands of soles	***Note***	**2023**	**2022**
Administrative expenses	*26*	9,010	6,442
Cost of sales	*25*	6,330	3,522
Sales expenses	*27*	2,129	2,287
Other expenses	*29*	269	94
		17,738	**12,345**

17. Other Financial Liabilities

This caption comprises the following:

	2023			2022		
In thousands of soles	**Current portion**	**Non-current portion**	**Total**	**Current portion**	**Non-current portion**	**Total**
Bank loans, leases and factoring (e)	1,076,441	3,392,456	4,468,897	640,560	2,197,822	2,838,382
Promissory notes (a) & (b)	609,897	-	609,897	409,991	-	409,991
Corporate bonds (d)	-	419,461	419,461	17,417	431,527	448,944
Bank overdrafts (c)	421	-	421	38,561	-	38,561
	1,686,759	**3,811,917**	**5,498,676**	**1,106,529**	**2,629,349**	**3,735,878**

(a) Bank promissory notes correspond mainly to working capital financing with fixed interest rates in U.S. dollars fluctuating between 6.19% and 7.87% per annum (2022: in U.S. dollars 3.42% and 6.42% and in *soles* at 6.66% per annum), do not have specific guarantees and are renewed depending on the Group's working capital needs. As of December 31, 2023 and 2022, it comprises the following:

In thousands of soles	**Original currency**	**Maturity date**	**2023**	**2022**
Financial institution				
Banco Internacional del Perú S.A.A. - Interbank	US$	April 2024	185,650	171,900
BBVA Banco Continental S.A.	US$	Between July 2024 and November 2024	175,104	-
Scotiabank Perú S.A.A.	US$	March 2024	92,713	-
Banco de Crédito e Inversiones S.A. (CBI)	US$	March 2024	64,978	-
Banco ITAU	US$	July 2024	51,982	-
Banco de Crédito del Perú S.A.	US$	Between February 2024 and March 2024	39,470	238,091
			609,897	**409,991**

(b) As of December 31, 2023 and 2022, interest payable on promissory notes amounted to S/ 13,012,000 and S/ 9,389,000, respectively. It is recognized in 'trade and other accounts payable' in the consolidated statement of financial position (note 18). As of December 31, 2023 and 2022, interest expense amounted to S/ 52,565,000 and S/ 14,854,000, respectively. It is included in 'financial expenses' in the consolidated statement of profit or loss (note 31).

(c) As of December 31, 2022, it corresponds to the obligations assumed by Skanon Investments Inc. with different financial institutions. The overdrafts are stated in U.S. dollars for US$ 10,000,000 (equivalent to S/ 38,200,000).

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

In thousands of soles	**Effective annual interest rate %**	**Maturity date**	**2023**	**2022**
Bonds				
Bonds of Arizona (i)	Between 1.6 and 1.95 + variable interest rate	September 2035	426,995	439,300
Corporate bonds of Peru	-	-	-	18,815
			426,995	**458,115**
Amortized cost			(7,534)	(9,171)
			419,461	**448,944**

(i) On November 18, 2010, Drake Cement L.C.C. obtained a loan by issuing of bonds from the Yavapai County Industrial Development Authority, Arizona, United States, to finance part of the investment in the cement plant for up to US$ 40,000,000. It matures in September 2035 and is subject to a monthly interest payment based on a variable interest rate (Securities Industry and Financial Markets Association Index) plus 1.6% against a maximum interest rate of 12%. The bonds are guaranteed by a letter of credit (note 34.A(ii)).

On July 30, 2015, Drake Cement L.C.C. obtained a new loan by issuing bonds to finance the construction of the cement plant and the acquisition of assets, materials and facilities for up to US$ 75,000,000. It matures in September 2035 and is subject to a monthly interest payment based on a variable interest rate (Securities Industry and Financial Markets Association Index) plus 1.95% against a maximum interest rate of 12%. The bonds are guaranteed by a letter of credit (note 34.A(ii)).

The bonds have the following conditions:

- Skanon and Drake Cement L.C.C. cannot increase its debt for more than US$ 5,000,000 of the outstanding balance at the issuance of bonds, excluding debt refinancing.

- Maintain an interest coverage ratio of more than or equal to 1.0.

Skanon and Drake Cement L.C.C. do not comply with the restrictive condition of debt increase required at December 31, 2023, due to the acquisition of Tehachapi (note 1.B). However, they obtained a waiver approved and granted by the issuing bank of the letter of credit that guarantees such bonds; therefore, the debt is presented in accordance with the maturities already approved.

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

In thousands of soles	Maturity date	Original amount	Currency	Use of funds	Warranties	*Note*	2023	2022
Bank loans								
Bank of New York Mellon	October 2026	345,000	US$	Acquisition loan to purchase Tehachapi	Joint and several guarantee	*34.A(ii)*	1,280,985	-
Banco de Crédito del Perú S.A.	June 2025 and October 2026	782,500	S/	Redemption - overseas and debt refinancing	No collateral		737,275	502,500
BBVA Banco Continental S.A.	June 2025 and January 2027	783,357	S/	Debt refinancing	No collateral		706,021	522,690
Scotiabank Perú S.A.A.	October 2024, March 2025 and January 2027	771,547	S/	Debt refinancing	No collateral		573,348	625,916
Credit and Investment Bank (CBI)	March 2024	75,000	US$	Acquisition loan to purchase Termochilca	Real estate collateral on Termochilca shares		278,475	-
Banco Internacional del Perú - Interbank	January 2027	228,385	S/	Debt refinancing	No collateral		195,269	223,817
Citibank N.A. (i)	October 2025	50,000	US$	Debt refinancing	No collateral		111,390	152,800
Banco Internacional del Perú - Interbank	May 2027	26,900	US$	Debt refinancing	No collateral		84,898	97,620
Banco de Crédito del Perú S.A.	March 2027	34,000	US$	Debt refinancing	No collateral		82,057	110,398
Banco de Crédito e Inversiones S.A.	June 2024	-	CLP	-	Real state collateral	*14(h)*	70,692	74,851
Bank of Nova Scotia S.A. (i)	September 2025	30,000	US$	Partial redemption	No collateral		38,987	63,030
Scotiabank Perú S.A.A.	April 2025	72,000	S/	Acquisition loan to purchase UNICON Chile S.A.	Security in respect of immovable property	*14(h)*	21,600	36,000
Scotiabank Chile S.A. (i)	March 2024	4,000	US$	-	Letter of credit	*34.A(i)*	14,727	15,215
BBVA Banco Continental S.A.	December 2024	28,773	S/	-	No collateral		14,125	21,449
BBVA Colombia	August 2025	-	COP	-	Letter of credit	*34.A(i)*	11,949	9,767
Citibank N.A. (New York)	July 2024	11,000	US$	-	No collateral		10,211	19,261
Banco Santander S.A.	-	35,000	US$	Working capital and investments	-		-	133,700
Less than S/ 10,000,000	-	-	-	-	-		67,264	50,583
							4,299,273	**2,659,597**
Amortized cost							(15,873)	(6,796)
							4,283,400	**2,652,801**
Sale and leaseback transactions								
Scotiabank Chile S.A.	March 2024	-	CLP	Leased assets	-		195	1,347
							195	**1,347**
Financial leases								
Consorcio Transmantaro S.A.	July 2039	-	US$	Leased assets	-		55,439	57,627
Bok Financial Corporation	Between December 2025 and September 2028	-	US$	Leased assets	-		24,542	30,258
Bank of America	Between December 2027 and March 2028	-	US$	Leased assets	-		16,987	30,070
Scotiabank Perú S.A.A.	Between June 2024 and December 2026	-	-	Leased assets	-		18,013	17,745
Less than S/ 10,000,000					-		30,781	38,996
							145,762	**174,696**
Debt factoring							**39,540**	**9,538**
Total							**4,468,897**	**2,838,382**

(i) The Group entered into swap contracts to reduce the risk of the variable interest rate related to these loans (note 35.A.i).

(f) Management monitors covenants applicable to local financial liabilities on a quarterly, semiannual and annual basis. They are calculated based on the Group's separate or consolidated financial statements and the valuation techniques required by each financial institution.

As of December 31, 2023 and 2022, the main covenants calculated based on the separate financial statements are the following:

UNACEM Corp S.A.A. (*)

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

(*) Reserves calculated based on information combined with UNACEM Peru.

UNACEM Perú S.A.

- Maintain a debt-to-equity ratio of less than 1.5.
- Maintain a debt-service coverage ratio of more than or equal to 1.2.
- Maintain a net debt-to-EBITDA ratio of less than 3.5.

UNACEM Ecuador S.A.
Until March 31, 2023:

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

As of April 2023:

- Maintain a debt-service coverage ratio of more than or equal to 1.

Unión de Concreteras S.A.

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

Concremax S.A.

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

UNACEM Chile S.A.

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

UNICON Chile S.A. (effective until October 2023)

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

Compañía Eléctrica El Platanal S.A.

- Maintain a debt-to-equity ratio of less than 3.0.
- Maintain a debt-service coverage ratio of more than or equal to 1.2.

Skanon Investments, Inc. and Subsidiaries

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

As of December 31, 2023 and 2022, the main covenants calculated based on the separate financial statements are the following:

UNACEM Corp S.A.A. and Subsidiaries

- Maintain a debt-to-equity ratio of less than 1.5.
- Maintain a debt-service coverage ratio of more than 1.2.
- Maintain a net debt-to-EBITDA ratio of less than or equal to 4.0 until September 2024, and less than or equal to 3.75 onwards.

In management's opinion, the Company and subsidiaries have complied with the financial safeguards as of December 31, 2023, except for UNACEM Chile, whose obligation is presented in the short term in the amount of S/. 70,692,000 and Skanon due to the debt-to-equity ratio, which obtained a waiver approved and granted by the creditor bank during 2023, for which reason it has been presenting the debt in accordance with the initially approved maturities. Thus, Skanon will manage the modification of this financial safeguard until the maturity of the obligation in March 2027. As of December 31, 2022, the Company and subsidiaries have complied with the financial safeguards, except for UNICON Chile, whose obligation is presented in the short term in the amount of S/. 2,064,000 and UNACEM Chile, which obtained a waiver duly approved and granted by the creditor bank during 2022, for which reason it has been presenting the debt in accordance with the initially approved maturities.

(g) As of December 31, 2023 and 2022, interest payable on medium and long-term bonds and debts amounted to S/ 40,047,000 and S/ 20,486,000, respectively. It is recognized in 'trade and other accounts receivable' in the consolidated statement of financial position (note 18).

In 2022 and 2021, interest on bonds and bank loans amounted to S/ 194,075,000 and S/ 156,075,000, respectively. It is recognized in 'financial expenses' in the consolidated statement of profit or loss (note 31).

(h) Movement in other financial liabilities is as follows:

In thousands of soles	**Note**	**2023**	**2022**
Opening balance		3,735,878	3,928,034
Additions		3,749,191	1,065,863
Additions to financial leases		49,590	82,755
Payments		(1,996,214)	(1,274,661)
Effects of exchange difference and translation		(46,092)	(75,161)
Others		6,323	9,048
Closing balance	*37*	**5,498,676**	**3,735,878**

(i) As of December 31, 2023, the Group has bank loans in local currency (*soles)* at effective annual interest rates ranging from 2.26% to 7.91%. Bank loans in foreign currency (U.S. dollars) are at a fixed rate ranging from 0.85% to 17.21% and a variable interest rate plus a margin. As of September 30, 2023, the Company and the financial institutions agreed to replace the variable rate for both loans: from 3-month LIBOR with a margin (ranging from 1.75% to 2.60%) to 3-month SOFR with a margin (ranging from 2.01% to 2.86%).

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

18. Trade and Other Accounts Payable

This caption comprises the following:

In thousands of soles	**Note**	**2023**	**2022**
Trade accounts payable (a)		698,398	677,093
Account payable for acquisition of subsidiary	*1.B*	143,151	-
Compensation and holidays payable		87,118	74,884
Interest payable	*17(b) and (g)*	53,059	29,875
Customer advances (b)		51,242	63,531
Accounts payable to related parties	*32(b)*	28,886	28,812
Community commitments		20,714	15,746
Dividends payable	*22(d) and 23(f)*	19,385	15,801
Value added tax payable		17,826	7,411
Taxes and contributions payable		15,837	22,446
Accounts payable from acquisition of property, plant and equipment		11,782	17,086
Loans payable to third parties		11,300	8,859
Compensation to Board of Directors		7,862	8,090
Accounts payable to shareholders	*2(ii)(a)*	-	6,208
Other accounts payable		33,734	27,724
		1,200,294	**1,003,566**
Classification by maturity:			
Current		1,019,946	975,032
Non-current		180,348	28,534
		1,200,294	**1,003,566**

(a) Trade accounts payable arise from the acquisition of goods and services and correspond to invoices payable to local and foreign suppliers. They have current maturity, do not accrue interest and do not have specific collaterals.

(b) As of December 31, 2023 and 2022, it corresponds to:

Unión de Concreteras S.A.
It corresponds to contracts for the supply of ready-mix concrete whereby Unión de Concreteras S.A. received advance payments from its customers for S/ 19,994,000 and S/ 20,664,000 as of December 31, 2023 and 2022. These advance payments are deducted from measurements upon shipment of concrete made during the first months of 2023 and 2022, respectively.

As of December 31, 2023, Unión de Concreteras S.A. has letters of guarantee on behalf of customers to ensure the fulfillment of contractual obligations for S/ 18,520,000 (2022: S/ 16,578,000).

Concremax S.A.
It corresponds to contracts for the supply of ready-mix concrete whereby Concremax S.A. received advance payments from its customers. These advance payments are deducted from measurements upon shipment of concrete. As of December 31, 2023 and 2022, they amount to S/. 4,354,000 and S/. 10,336,000, respectively.

As of December 31, 2023, Concremax S.A. has letters of guarantee on behalf of customers to ensure the fulfillment of contractual obligations for S/ 6,972,000 (2022: S/ 6,346,000).

Prefabricados Andinos S.A.
It corresponds to contracts for the construction of precast concrete buildings whereby Prefabricados Andinos S.A. received advance payments from its customers for S/ 11,345,000 (2022: S/ 19,087,000).

19. Deferred Revenue
This caption comprises the following:

In thousands of soles	**2023**	**2022**
Cement and clinker	7,110	5,317
Others	487	1,301
	7,597	**6,618**

20. Provisions
This caption comprises the following:

	Current		**Non-current**	
In thousands of soles	**2023**	**2022**	**2023**	**2022**
Employees' profit sharing (a)	60,828	68,094	-	-
Provision for closure of quarries and environmental rehabilitation	2,347	4,383	73,910	35,349
Severance payment	6,148	5,385	-	-
Retirement benefits (b)	-	-	22,994	23,442
Provision for termination benefits (b)	-	-	6,461	6,191
Other provisions	1,229	3,210	13,713	6,577
	70,552	**81,072**	**117,078**	**71,559**

(a) In accordance with the Peruvian laws, the subsidiaries of the Group domiciled in Peru have profit-sharing plans (employee benefits) that range from 5% to 10% of annual taxable profits based on the economic sector in which the subsidiary operates. Employees' profit sharing under this plan is 50% based on the number of days that an employee has worked during the prior year, and the other 50% based on a proportion of the amount of annual compensation.

In accordance with the Ecuadorian laws, the employees of UNACEM Ecuador receive a share of 15% of the net profits. The employees of Canteras y Voladuras S.A. receive a share of 3% of the net profits. It distributes 12% of the profits to the Internal Revenue Service.

In 2023 and 2022, the profit-sharing payments amount to S/ 97,664,000 and S/ 113,071,000, respectively. They are recognized in the consolidated statement of profit or loss (note 28).

(b) As of December 31, 2023 and 2022, the employee benefits from the subsidiaries domiciled in Ecuador correspond to:

Retirement benefits
In accordance with the Labor Code of Ecuador, the subsidiaries domiciled in Ecuador that have employees that provided uninterrupted or interrupted services for more than 25 years can retire without prejudice to retirement to which they are entitled as members of the Social Security Institution.

Termination benefits
Also, in accordance with the reform of the Ecuadorian Labor Code, issued in 2016. in the event of termination of employment at the request of the employee, the subsidiaries domiciled in Ecuador will give the employee a bonus of 25% of the last monthly salary for each year of service, provided that the employee gave advance notice of termination.

In 2023 and 2022, management measured provisions based on actuarial assumptions made specialists:

In percentages	**2023**	**2022**
Discount rate	5.00	4.67
Pay rate of increase	3.00	3.00
Actuarial life table (*)	Table of Ecuadorian Institute of Social Security	Table of Ecuadorian Institute of Social Security
Turnover rate (average)	4.27	3.92 and 14.44
Length of service for retirement eligibility (men and women)	25 years	25 years

(*) Information provided by the Ecuadorian Institute of Social Security.

According to the projections made by management, these liabilities will be settled in the long term.

As of December 31, 2023 and 2022, the balance of the employer's retirement and eviction reserve covers 100 percent of the value determined in the actuarial study.

(c) Management made reasonable assumptions about making estimates based on current conditions. These estimates are reviewed annually to take into account any changes in the assumptions. However, closure costs will ultimately depend on future market prices for the decommissioning works that will reflect market conditions at the relevant time. As of December 31, 2023 and 2022, the provision for quarry closure and environmental remediation corresponds mainly to the following subsidiaries:

UNACEM Perú S.A.
The Company has six approved mine closure plans.

As of December 31, 2023, the future value of the provision for closure of quarries amounts to S/ 49,697,099 (2022: S/ 46,661,000). The range of the risk-free discount rate used in the calculation of the provision varies from 4.91% to 6.59% (2022: 4.71% to 4.36%), resulting in a liability of S/ 20,122,000 (2022: S/ 27,464,000).

Unión de Concreteras S.A.
It maintains a provision for the future cost of closing its quarries and dismantling its mobile plants to be realized between 3 and 21 years (2022: 4 and 22 years). As of December 31, 2023 and 2022, the future value of the provision for closure of quarries and plant dismantling amounts to S/ 8,047,000 and S/ 9,263,000, respectively. The risk-adjusted discount rate used in measuring the provision ranges from 5.85% to 6.94% (2022: 7.15% to 8.16%), resulting in a liability for S/ 4,344,000 (2022: S/ 5,570,000).

CONCREMAX S.A.
It maintains a provision for the future cost of closing its quarries and dismantling its mobile plants to be realized over the next three years. As of December 31, 2023 and 2022, they amount to S/ 605,000 and S/ 2,936,000, respectively.

UNACEM Ecuador S.A.
The Environmental Management Act and the Environmental Regulation on Mining Activities of Ecuador require compliance with an obligation to restore the Selva Alegre, Cumbas and Pastaví quarries according to the closure plan, from their registration for the exploitation of limestone, pozzolana and clay. They have concession terms of 22, 21 and 22 years, respectively. As of December 31, 2023 and 2022, it amounts to S/ 2,485,000 and S/ 2,681,000, respectively.

UNICON Chile S.A.
As of December 31, 2023 and 2022, Unicon Chile S.A. has a provision for the costs of dismantling plants of 7 years for S/ 1,359,000 and S/ 1,081,000, respectively.

Tehachapi Cement LLC.
Tehachapi Cement L.L.C. has a provision for the costs of closure of quarries to be made in 40 years. As of December 31, 2023, there is a liability of US$ 11,598,000 (equivalent to S/ 43,065,000).

Termochilca S.A.C.
As of December 31, 2023, Termochilca S.A.C. has a provision for the costs of dismantling the simple cycle and combined cycle electric power generation plant for 30 years, for S/ 4,277,000.

As of December 31, 2023, the Group recognized the liability of the closure of quarries for S/ 1,433,000 (2022: S/ 1,412,000). It is stated in 'financial expenses' in the consolidated statement of profit or loss (note 31). In management's opinion, this liability is sufficient to meet the applicable environmental laws approved by the authorities of each country.

21. Income Tax

Movement in the deferred tax liabilities is as follows:

In thousands of soles	*Note*	**Balance as** of **January 1, 2022**	**Effects on consolidated statement of profit** or loss	**Effects of translation**	**Debit to other comprehensive income**	**Acquisition of subsidiaries (note 1.B)**	**Others**	**Balance as of December 31, 2022**	**Effects on consolidated statement of profit** or loss	**Effects of translation**	**Debit to other comprehensive income**	**Acquisition of subsidiaries (note 1.B)**	**Others**	**Balance as of December 31, 2023**
Deferred tax liabilities														
Tax loss carryforward	*34.C.(d)*	311,733	5,355	(10,158)	-	-	(201)	306,729	(24,284)	(7,141)	-	46,944	9,076	331,324
Provision for inventory obsolescence		17,646	1,631	(166)	-	-	-	19,111	(9,925)	(149)	-	-	(171)	8,866
Hedging instruments		9,303	(3,575)	14	(5,627)	-	-	115	(733)	-	258	-	67	(293)
Provision for holidays		8,010	2,453	(37)	-	-	53	10,479	1,132	(77)	-	163	22	11,719
Pre-operating expenses		6,848	-	-	-	-	-	6,848	-	-	-	-	-	6,848
Provision for closure of quarries		6,377	974	376	-	-	(96)	7,631	(3,414)	(44)		1,810	-	5,983
Retirement and termination benefits		2,314	844	(108)	(50)	-	-	3,000	777	(89)	-	-	32	3,720
Amortization of intangible assets		1,169	29	79	-	-	2,503	3,780	(60)	(26)	-	-	-	3,694
Deferred revenue		774	(129)	(110)	-	-	665	1,200	35	(69)	-	-	-	1,166
Impairment loss on fixed assets		-	-	-	-	-	-	-	-	-	-	40,859	-	40,859
Other provisions		23,612	7,333	(896)	-	-	3,761	33,810	(1,104)	(936)	-	35,668	2,522	69,960
Total deferred tax assets		**387,786**	**14,915**	**(11,006)**	**(5,677)**	**-**	**6,685**	**392,703**	**(37,576)**	**(8,531)**	**258**	**125,444**	**11,548**	**483,846**
Deferred tax liabilities														
Difference in tax base and depreciation of fixed assets		(656,777)	1,881	4,167	-	(516)	(5,451)	(656,696)	55,677	2,526	-	(140,544)	426	(738,611)
Investments in associations		-	-	-	-	-	-	-	(78,873)	634	-	-	-	(78,239)
Brand, customer list and other intangible assets		(55,511)	398	2,171	-	-	(898)	(53,840)	312	1,390	-	-	-	(52,138)
Stripping activity assets		(30,582)	1,967	-	-	-	-	(28,615)	1,077	-	-	-	-	(27,538)
Capitalized interest		(29,496)	2,137	-	-	-	-	(27,359)	(794)	-	-	-	-	(28,153)
Deferred charges		(2,955)	649	-	-	-	292	(2,014)	677	-	-	-	-	(1,337)
Debt write-off		-	-	-	-	-	-	-	126,753	-	-	(126,753)	-	-
Other provisions		(684)	82	(307)	-	(373)	(622)	(1,904)	14	(9)	-	(1,982)	403	(3,478)
Total deferred tax liabilities		**(776,005)**	**7,114**	**6,031**	**-**	**(889)**	**(6,679)**	**(770,428)**	**104,843**	**4,541**	**-**	**(269,279)**	**829**	**(929,494)**
Total deferred tax liabilities, net		**(388,219)**	**22,029**	**(4,975)**	**(5,677)**	**(889)**	**6**	**(377,725)**	**67,267**	**(3,990)**	**258**	**(143,835)**	**12,377**	**(445,648)**

Group's management has made an assessment of the recoverability of its tax loss and has recorded the probable amount that it will recover from future taxable income, which is based primarily on tax planning strategies. The deferred tax loss carryforwards as of December 31, 2023, are mainly related to Skanon, CELEPSA and CERE and amount to S/ 263,362,000, S/ 41,354,000 and S/ 9,175,000, respectively. (2022: S/ 235,497,000, S/ 47,089,000 and S/ 9,597,000).

(a) In 2023 and 2022, expenses for the provision for income tax presented in the consolidated statement of profit or loss are as follows:

In thousands of soles	**Note**	**2023**	**2022**
Current		(291,724)	(305,940)
Deferred		67,267	22,029
		(224,457)	**(283,911)**
Mining royalties	*34.E*	(4,902)	(5,209)
		(229,359)	**(289,120)**

(b) The deferred tax assets and liabilities, net per entity, are as follows:

	Deferred assets, net		**Deferred liabilities, net**	
In thousands of soles	**2023**	**2022**	**2023**	**2022**
Subsidiary				
Skanon Investments Inc. (consolidated)	191,974	183,355	-	-
UNACEM Corp S.A.A.	17,498	11,310	-	-
Prefabricados Andinos S.A.	6,440	6,989	-	-
Prefabricados Andinos Perú S.A.C.	4,841	5,109	-	-
Digicem S.A.	4,691	498	-	-
Ecorer S.A.C.	3,251	2,204	-	-
UNICON Chile S.A.	2,384	12	-	-
Generación Eléctrica Atocongo S.A.	815	1,611	-	-
ARPL Tecnología Industrial S.A.	668	344	-	-
Entrepisos Lima S.A.C.	654	175	-	-
Minera Adelaida S.A.	484	559	-	-
Depósito Aduanero Conchán S.A.	349	507	-	-
Inversiones Imbabura S.A.	40	5	-	-
Ambiental Andina S.A.	8	6	-	-
CALCEM S.A.	6	-	-	-
UNACEM Perú S.A.	-	-	368,165	385,397
Compañía Eléctrica El Platanal S.A.	-	-	108,368	106,761
Termochilca S.A.C.	-	-	106,144	-
UNACEM Ecuador S.A. and Subsidiaries	-	-	57,820	60,528
Inversiones Nacionales y Multinacionales Andinas S.A.	-	-	15,508	16,144
UNACEM Chile S.A. and Subsidiaries	-	-	5,711	5,736
Concremax S.A.	-	-	3,963	2,441
Unión de Concreteras S.A.	-	-	3,075	4,049
Prefabricados Andinos Colombia S.A.S.	-	-	868	473
Celepsa Renovables S.R.L.	-	1,408	533	-
Vigilancia Andina S.A.	-	-	228	252
Inversiones en Concreto y Afines S.A.	-	-	58	44
UNICON UCUE Cía. Ltda.	-	-	-	2,397
Constructora de Obras Civiles y Viales Limitada	-	-	-	958
Eliminations	(9,310)	(6,637)	-	-
	224,793	**207,455**	**670,441**	**585,180**

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

In thousands of soles	2023	2022
Profit before tax	**752,132**	**948,715**
Income tax according to tax rate (*)	(220,791)	(275,768)
Tax effects of permanent accounts	(3,666)	(8,143)
Effects of mining royalties	(4,902)	(5,209)
Income tax expense	**(229,359)**	**(289,120)**

(*) The income tax was determined using rates applicable to the Company and Subsidiaries activities.

22. Non-controlling Interests

(a) Non-controlling interests are presented in the consolidated statements of financial position, changes in equity and profit or loss as follows:

	Interests of third parties (%)		Profit (loss)		Net equity		Non-controlling interests in the Group's profit		Non-controlling interests in the Group's equity	
In thousands of soles	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Entity										
Skanon Investments, Inc. and Subsidiaries	4.15	4.16	4,133	66,517	1,011,637	1,082,52	11,456	96,864	61,332	156,454
Compañía Eléctrica El Platanal S.A. y Subsidiarias	10.00	10.00	32,523	57,938	858,465	824,323	2,376	6,028	82,938	83,106
Inversiones en Concreto y Afines S.A. and Subsidiaries	6.62	6.62	20,564	14,508	426,200	418,054	2,748	2,354	32,711	33,548
Prefabricados Andinos Perú S.A.C. and Subsidiaries	50.00	50.00	1,635	(3,248)	9,383	4,913	817	(1,624)	4,691	2,457
Prefabricados Andinos S.A.	50.00	50.00	(8,485)	1,742	1,809	13,265	(4,242)	871	905	6,633
Inversiones Imbabura S.A. and Subsidiaries	0.25	0.65	38,614	60,123	1,677,588	1,631,609	103	449	1,595	3,959
							13,258	**104,942**	**184,172**	**286,157**

(b) As of December 31, 2023 and 2022, the non-controlling interests in profit and equity of each subsidiary includes drag-along rights of each consolidated subsidiary. In 2023 and 2022, Inversiones Imbabura acquired 12,000 and 1,000 shares of Unacem Ecuador S.A. for approximately US$ 120,000 and US$ 12,000 (equivalent to S/ 447,000 and S/ 48,000), respectively. In addition, in 2023, Skanon acquired a 15 percent interest in Drake Cement for US$ 4,882,000 (equivalent to S/ 18,233,000), note 2(ii)(b) (2022: 4.348 percent interest in Drake Cement for US$ 6,500,000 (equivalent to S/ 24,947,000), note 2(ii)(a) which generated the reduction in the non-controlling interest. See Note 2 (ii).

(c) In 2023, Desert Ready Mix, Desert Agreggates, Entrepisos, CELEPSA, Inveco and UNACEM Ecuador distributed dividends to minority shareholders for S/ 29,966,000, S/ 1,160,000, S/ 2,957,000, S/ 1,220,000, S/ 242,000 and S/ 76,000, respectively. In 2022, Desert Ready Mix, Desert Agreggates, CELEPSA, UNACEM Ecuador and Inveco distributed dividends to minority shareholders for S/ 14,033,000, S/ 1,948,000, S/ 708,000 and S/ 220,000, respectively.

(d) As of December 31, 2023 and 2022, the balance of dividends payable amounts to S/ 458,000 and S/ 463,000, respectively (note 18).

23. 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 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 23.C.

	As of December 31, 2023	
	Number of shares	**Interests (%)**
Shareholders		
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	
	Number of shares	**Interests (%)**
Shareholders		
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 (2022: 12,967,000 treasury shares equivalent to S/ 23,530,000).

D. Legal reserve
According to the Companies Act, the Group shall allocate not less than 10% of its profits distributed in each period, less income tax. This allocation is required until such reserve equals 20% of capital. The legal reserve may be used to offset losses 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. Unrealized gains and losses
Corresponds to changes in the fair value, net of tax effect, of hedging financial instruments (note 35.A.i) and employee retirement and termination benefits (note 5.xxi).

F. Dividend distribution
This caption comprises the following:

2023 dividends

In thousands of soles	**Dividends declared and paid**	**Date of payment**	**Dividends per ordinary share**
Date of Board of Directors' Meeting			
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

In thousands of soles	**Dividends declared and paid**	**Date of payment**	**Dividends per ordinary share**
Date of Board of Directors' Meeting			
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 18).

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.'

G. Gains and losses on translation

It corresponds to the exchange differences arising on translating foreign currency of subsidiaries into the Group's presentation currency. As of December 31, 2023 and 2022, the exchange differences attributable to non-controlling interests of each subsidiary is as follows:

In thousands of soles	2023	2022
Skanon Investments, Inc. and subsidiaries	204,455	234,497
Inversiones Imbabura S.A. and Subsidiaries	107,746	124,289
Inversiones en Concreto y Afines S.A. and Subsidiaries	(6,601)	(5,219)
UNACEM Chile S.A. and Subsidiaries	(10,426)	(5,400)
Prefabricados Andinos Perú S.A.C. and Subsidiaries	(1,481)	(3,036)
Prefabricados Andinos S.A.	(1,996)	(1,950)
	291,697	**343,181**

In 2023 and 2022, the effects of exchange differences attributable to non-controlling interests recognized in the consolidated statement of comprehensive income resulted in gains and losses for S/ 51,484,000 and S/ 87,019,000, respectively.

H. Unpaid dividends

It corresponds to prior year dividends distributed to certain shareholders of the subsidiaries, which have not been paid in more than three years. As of December 31, 2023 and 2022, they amount to S/ 29,000 and S/ 31,000, respectively.

24. Net Sales

This caption comprises the following:

In thousands of soles	2023	2022
Operating segments		
Cement	3,248,433	3,350,673
Concrete	2,436,360	2,310,954
Power and energy	672,997	298,949
Other services	18,484	18,267
	6,376,274	**5,978,843**
Timing of revenue recognition		
Goods and services transferred at a point in time	5,581,708	5,564,961
Services transferred at a point in time	794,566	413,882
	6,376,274	**5,978,843**

25. Cost of Sales

This caption comprises the following:

In thousands of soles	*Note*	2023	2022
Initial inventory of finished goods and work-in-progress	*10*	273,596	241,109
Production costs			
Use of raw materials		1,097,889	1,031,706
Fuel		855,543	739,815
Personnel expenses	*28(a)*	746,301	678,513
Depreciation	*14(f)*	454,342	430,305
Electric power		398,114	267,443
Maintenance costs		384,845	318,481
Transportation and freight		207,115	224,639
Use of packaging		129,839	144,954
Depreciation of right-of-use assets	*13(c)*	13,137	9,178
Preparation of quarries		7,747	10,052
Amortization	*16(c)*	6,330	3,522
Depreciation for deferred assets related to stripping	*15*	3,650	6,667
Royalty expense	*34.E*	3,477	3,643
Provision for inventory obsolescence	*10(d)*	2,957	6,133
Other production costs		597,264	507,668
Ending inventory of finished goods and work-in-progress	*10*	(388,263)	(273,596)
		4,793,883	**4,350,232**

26. Administrative Expenses

This caption comprises the following:

In thousands of soles	*Note*	2023	2022
Personnel expenses	*28(a)*	234,433	219,777
Third-party services		129,872	90,673
Other administrative expenses		30,427	26,904
Donations		28,796	17,500
Taxes		15,729	16,325
Depreciation	*14(f)*	11,204	14,849
Amortization	*16(c)*	9,010	6,442
Expected credit losses	*9(g)*	6,502	4,240
Depreciation of right-of-use assets	*13(c)*	1,413	673
Others		13,071	4,239
		480,457	**401,622**

27. Sales Expenses

This caption comprises the following:

In thousands of soles	*Note*	2023	2022
Advertising costs (a)		50,409	55,705
Personnel expenses	*28(a)*	47,933	45,174
Amortization	*16(c)*	2,129	2,287
Depreciation	*14(f)*	576	746
Depreciation of right-of-use assets	*13(c)*	30	35
Expected credit losses	*9(g)*	15	-
Costs to export clinker		-	4,807
Others		14,106	11,361
		115,198	**120,115**

(a) It corresponds to advertising services on radio, television and other media to boost sales.

28. Personnel Expenses

This caption comprises the following:

In thousands of soles	**Note**	**2023**	**2022**
Compensation		576,594	505,179
Employees' profit sharing	*20(a)*	97,664	113,071
Employer contributions		71,435	66,702
Legal bonuses		63,426	60,435
Bonuses		56,842	73,918
Severance payment		35,419	31,179
Holidays		34,996	35,418
Travel and meal expenses		33,895	28,471
Health care		31,137	25,122
Fees and expense allowance for Board of Directors		12,720	12,769
Retirement and termination benefits		2,387	2,738
Other personnel expenses		30,775	24,070
		1,047,290	**979,072**

(a) Personnel expenses are allocated as follows:

In thousands of soles	**Note**	**2023**	**2022**
Cost of sales	*25*	746,301	678,513
Administrative expenses	*26*	234,433	219,777
Sales expenses	*27*	47,933	45,174
Other expenses	*29*	16,276	35,608
Intangible assets		2,347	-
		1,047,290	**979,072**

(b) In 2023 and 2022, the average number of employees was 6,501 and 6,265, respectively.

29. Other Income and Expenses

This caption comprises the following:

In thousands of soles	*Note*	2023	2022
Other income			
Sale of property, plant and equipment		24,528	29,592
Service revenue		18,146	9,581
Reversal of provision due to SUNAT claims		-	5,606
Recovery of interest due to SUNAT claims	*34.D*	5,713	3,238
Negative goodwill	*1.B*	5,547	-
Prior period revenue		2,765	3,401
Rental income		2,543	197
Recovery of expected credit losses	*9(g)*	1,741	200
Reversal of an impairment loss on (provision for) inventory obsolescence	*10(d)*	1,011	-
Others		17,531	12,673
		79,525	**64,488**
Other expenses			
Personnel expenses	*28(a)*	(16,276)	(35,608)
Cost of transfer of property, plant and equipment		(15,365)	(14,187)
Service cost		(11,949)	(3,293)
Expected credit losses	*9(g)*	(5,409)	(1,669)
Administrative sanctions		(4,045)	(1,945)
Prior period expenses		(2,151)	(3,371)
Depreciation	*14(f)*	(2,122)	(2,102)
Demurrage charges on clinker imports		(1,852)	(3,656)
Donations		(1,417)	(986)
Amortization	*16(c)*	(269)	(94)
Derecognition of intangible assets	*16*	-	(3,207)
Others		(12,102)	(15,848)
		(72,957)	**(85,966)**
		6,568	**(21,478)**

30. Financial Income

This caption comprises the following:

In thousands of soles	*Note*	2023	2022
Interest on deposits and loans receivable		8,768	6,943
Interest on hedging instruments (swap contracts)	*35.A i and ii*	2,693	3,220
Gain on fair value of hedging instruments	*35.A i and ii*	1,714	3,617
Others		3,647	2,854
		16,822	**16,634**

31. Financial Expenses

This caption comprises the following:

In thousands of soles	**Note**	**2023**	**2022**
Interest on bonds and bank loans	*17(g)*	194,075	156,075
Interest on promissory notes	*17(b)*	52,565	14,854
Interest on tax liabilities		7,182	127
Interest on lease liabilities		4,405	483
Structuring fee for other financial liabilities		3,332	3,692
Loss on remeasurement of liability for closure of quarries	*20(c)*	1,433	1,412
Interest on hedging instruments (swap contracts)	*35.A.i and ii*	700	8,729
Others		11,079	7,249
		274,771	**192,621**

32. Related Party Transactions

(a) In 2023 and 2022, the related party transactions are as follows:

In thousands of soles	**Note**	**2023**	**2022**
Revenue			
Sale of cement			
La Viga S.A.		534,462	558,917
Asociación UNACEM		429	299
Dividends earned			
Master Builders Solutions Perú S.A.		3,668	1,070
Others		1	5
Costs and expenses			
Donations			
Asociación UNACEM		26,975	17,525
Purchase of additives			
Master Builders Solutions Perú S.A.		65,616	60,976
Fees and import duties for sale of cement			
La Viga S.A.		36,490	34,047
Other expenses			
Master Builders Solutions Perú S.A.		5,169	3,666
Other income			
Master Builders Solutions Perú S.A.		2,415	2,225
Asociación UNACEM		417	212
La Viga S.A.		274	124

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

In thousands of soles	*Note*	2023	2022
Accounts receivable	*9*		
La Viga S.A.		30,638	37,122
Master Builders Solutions Perú S.A.		154	428
Others		2,085	1,641
		32,877	**39,191**
Accounts payable	*18*		
Master Builders Solutions Perú S.A.		25,177	24,309
La Viga S.A.		3,631	4,490
Others		78	13
		28,886	**28,812**

(c) The Group 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.

(d) 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.

33. 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 or loss attributable to ordinary stockholders (in thousands of soles)				509,515
Net basic and diluted earnings per share (in soles)				0.286

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 or loss attributable to ordinary stockholders (in thousands of soles)				554,653
Net basic and diluted earnings per share (in soles)				0.307

As of December 31, 2023 and 2022, the Company holds 14,828,000 and 12,967,000 treasury shares, respectively.

34. Contingencies and Commitments

A. Financial commitments

(i) The subsidiaries have the following letters of guarantee

- 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.

- A letter of guarantee issued by Banco Internacional del Perú S.A.A. - Interbank on behalf of MINEM to ensure the execution of the mine closure plan of its mining concessions for US$ 1,203,000, equivalent to S/ 4,467,000 (2022: US$ 1,209,000, equivalent to S/ 4,618,000). It matures in January 2024 with renewal until January 2025.

- Letters of guarantee issued by Banco Internacional del Perú S.A.A. on behalf of the Ministry of Production to ensure the execution of the mine closure plan of its mining concessions for US$ 6,551,000, equivalent to S/ 24,324,000 (2022: US$ 6,383,000, equivalent to S/ 24,383,000). It matures in January and December 2024.

- Letters of guarantee on behalf of the Tax Authorities (SUNAT) for S/ 14,225,000 to ensure the customs tax debt, maturing in the first quarter of 2024.

- Letters of guarantee granted by UNACEM Perú S.A. in favor of third parties for S/ 320,000, maturing in April 2024.

- Letters of guarantee issued by financial institutions on behalf of UNICON Perú S.A. and CONCREMAX S.A. in order to guarantee the supply of concrete to certain customers, as of December 31, 2023 for approximately S/ 114,344,000 with maturity from February to December 2024 (2022: S/ 104,068,000 with maturity in January 2023 and January 2024).

- Letters of guarantee issued by financial institutions on behalf of ENTREPISOS S.A. to guarantee the supply of slabs and precast concrete to certain customers, as of December 31, 2023 for approximately S/ 1,944,000 with maturity from February to December 2024 (2022: S/ 1,217,000 with maturity in January and June 2023).

- Letters of guarantee issued by financial institutions on behalf of Depósito Aduanero Conchán S.A. guaranteeing its obligations generated in the performance of its duties as a bonded warehouse in accordance with the General Customs Law, its regulations and other applicable administrative provisions, as of December 31, 2023 for approximately US$ 100,000, equivalent to S/ 371,000, maturing in February 2024 (2022: US$ 100,000, equivalent to S/ 382,000 with maturity in February 2023).

- A letter of guarantee granted by CELEPSA in favor of Consorcio Transmantaro S.A. for a total of US$ 3,000,000, maturing in July 2024, issued by Scotiabank del Perú in order to guarantee compliance with the obligations of the power transmission contract.

- Letters of guarantee granted by CELEPSA in favor of the MEM, issued by Banco de Crédito del Perú, for a total of approximately S/ 2,860,000 with maturity between February 2024 and January 2026, in order to guarantee compliance with various projects.

- A letter of guarantee issued by CELEPSA in favor of Hunt Oil Company of Perú L.L.C. Branch in Peru, issued by Scotiabank del Perú, for a total of approximately US$ 1,268,000, equivalent to S/ 4,708,000, maturing in August 2024, in order to guarantee compliance with the obligations of the Natural Gas Supply Contract.

- A letter of guarantee issued by CELEPSA in favor of Pluspetrol Camisea S.A., issued by Scotiabank del Perú, for a total of approximately US$ 1,258,000, equivalent to S/. 4,671,000, maturing in August 2024, in order to guarantee compliance with the obligations of the Natural Gas Supply Contract.

- A letter of guarantee granted by Termochilca in favor of Consorcio Transmantaro S.A., for a total of US$ 2,000,000, maturing in December 2024, issued by Scotiabank del Perú in order to guarantee compliance with the obligations of the power transmission contract.

- A letter of guarantee granted by Termochilca in favor of Consorcio Transmantaro S.A., for a total of US$ 12,747,000, maturing in August 2024, issued by Scotiabank del Perú in order to guarantee the payment of the net balance of amortization in the event of termination of the power transmission contract for the Complementary Transmission System facilities and its respective addenda.

- Letters of guarantee granted by Termochilca in favor of Consorcio Camisea issued by Scotiabank del Perú for a total of approximately US$ 2,486,000, equivalent to S/ 9,231,000 and by Banco de Crédito del Perú for a total of US$ 2,526,000, equivalent to S/ 9,380,000, maturing in August 2024, in order to guarantee compliance with the obligations of the Natural Gas Supply Contract.

- On September 23, 2016, Scotiabank Chile S.A. approved a credit facility of up to US$ 4,000,000 on behalf of Prefabricados Andinos S.A., which is secured by a letter of credit of Prefabricados Andinos Perú S.A.C. issued by Scotiabank Perú S.A.A. It matures in September 2024.

- On December 13, 2016, BBVA Colombia S.A. approved a credit facility of up to US$ 3,550,000 on behalf of Prefabricados Andinos Colombia S.A.S., which is secured by a letter of credit of Prefabricados Andinos Perú S.A.C. issued by BBVA Banco Continental S.A. It matures in September 2024.

- As of December 31, 2023, the subsidiary Vigilancia Andina S.A. has letters of guarantee issued by financial institutions guaranteeing the payment of remunerations of personnel under labor intermediation to clients for S/ 3,268,000 with maturity in December 2024 (2022: S/ 3,032,000 with maturity in December 2023).

(ii) The Group has the following letters of credit:

- 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 (note 1.B.). It matures in October 2026.

- A letter of credit for US$ 40,447,000, which matures in 2025, entered into between Bank of Nova Scotia U.S. Operations (issuer) and US Bank National Association (trustee), which in turn entered into a trust agreement with the Yavapai County Industrial Development Authority (authority) (note 17(d)(i)).

- A letter of credit for US$ 75,838,000, which matures in 2025, entered into between Drake Cement L.L.C., Skanon Investments, Inc. (guarantor) and Nova Scotia Bank, New York Agency (issuer) in order for the issuer to make direct payment of the loan on behalf of Drake in favor of US Bank National Association (trustee), the latter entity in turn entered into a trust agreement with the Yavapai County Industrial Development Authority (authority) (note 17(d)(i)).

(iii) Letter of indemnity

Skanon Investments Inc. establishes indemnification provisions under agreements with other entities—i.e., trading partners, customers, property owners, lenders and lessors—in the normal course of business. Under such provisions, Skanon Investments Inc. generally indemnifies and holds harmless the indemnified party in respect of any loss or damage suffered by the indemnified party as a result of its activities or, in some cases, as a result of the indemnified party's activities. The maximum amount of future payments that Skanon Investments Inc. could make under the provisions is unlimited. Skanon Investments Inc. did not incur material costs to defend claims or settle claims related to the indemnification provisions. Accordingly, Skanon Investments Inc. considers that the fair value of these provisions is low. As of December 31, 2023 and 2022, management does not have any liabilities recognized under the indemnification provisions.

B. Leasing agreements

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

	2023		2022	
In thousands of soles	**Minimum lease payments**	**Present value of lease payments**	**Minimum lease payments**	**Present value of lease payments**
In one year	52,458	35,209	54,795	39,216
Between one year and over	222,010	110,748	258,005	136,827
Total payments	**274,468**	**145,957**	**312,800**	**176,043**
Less: Financial costs	(128,511)	-	(136,757)	-
Present value of mínimum lease payments	**145,957**	**145,957**	**176,043**	**176,043**

C. Tax Matters

(a) The subsidiaries of the Group are subject to the tax laws of the country in which they operate and to taxes separately based on their non-consolidated income. As of December 31, 2023 and 2022, the income tax rates of the countries in which the Group operates are as follows:

	Tax rates	
In percentages	**2023**	**2022**
Peru	29.5	29.5
Ecuador	25.0	25.0
United States (*)		
Arizona	21.0 y 4.9	21.0 y 4.9
California	21.0 y 8.8	-
Chile	27.0	27.0

(*) In accordance with the laws of the United States, Arizona and California, the subsidiary is subject to a federal tax rate of 21% and a state tax rate of 4.9% and 8.8%, respectively.

(b) 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.

(c) The Tax Authorities of each country are entitled to audit and, if applicable, to correct the income tax calculated by the Group. The Group's income tax returns are open for review by the Tax Authorities as follows:

	Period subject to tax assessments
Peru	
UNACEM Corp S.A.A.	2018 - 2023
UNACEM Perú S.A.	2021 - 2023
Compañía Eléctrica El Platanal S.A.	2019 - 2023
Celepsa Renovables S.R.L.	2018 - 2023
Termochilca S.A.C.	2018 - 2023
Generación Eléctrica Atocongo S.A.	2019 - 2023
Unión de Concreteras S.A.	2020 - 2023
Concremax S.A.	2019 - 2023
Inversiones en Concreto y Afines S.A.	2019 - 2023
Prefabricados Andinos Perú S.A.C.	2019 - 2023
Digicem S.A.	2019 - 2023
Depósito Aduanero Conchán S.A.	2019 - 2023
Inversiones Imbabura S.A.	2019 - 2023
Inversiones Nacionales y Multinacionales Andinas S.A.	2019 - 2023
ARPL Tecnología Industrial S.A.	2019 - 2023
Vigilancia Andina S.A.	2019 - 2023
Entrepisos Lima S.A.C.	2019 - 2023
Ecuador	
UNACEM Ecuador S.A.	2020-2023
Unión de Concreteras UNICON UCUE Cía. Ltda.	2020-2023

	Period subject to tax assessments
Chile	
Prefabricados Andinos S.A.	2020-2023
UNACEM Chile S.A.	2020-2023
Inversiones Mel 20 Ltda.	2020-2023
UNICON Chile S.A.	2020-2023
Colombia	
Prefabricados Andinos Colombia S.A.S.	2018-2023
United States	2020-2023

Due to the possible interpretations of the applicable laws by the Tax Authorities, it is not possible to determine, to date, whether a future tax assessment will result in liabilities for the Group. Therefore, any major tax or surcharge that might arise from eventual tax assessments would be applied to profit or loss when they are determined. It is the opinion of management and its legal advisors that any possible additional settlement of taxes would not be significant for the consolidated financial statements as of December 31, 2023 and 2022.

(d) As of December 31, 2023 and 2022, tax loss carryforwards of subsidiaries are as follows:

In thousands of soles	2023	2022
Skanon Investments, Inc. and Subsidiaries (i)	1,378,316	1,272,43
Compañía Eléctrica El Platanal S.A. and Subsidiaries (ii)	202,472	224,481
UNACEM Chile S.A. (iii)	190,466	178,150
Prefabricados Andinos S.A. – PREANSA Chile (iii)	58,009	58,609
Prefabricados Andinos Peru S.A.C. - PREANSA Perú (ii)	15,122	17,173
Inversiones MEL 20 Limitada (iii)	28,012	29,660
UNICON Chile S.A. (iii)	23,954	16,164
Prefabricados Andinos Colombia S.A.S (iii)	10,152	8,625
Digicem S.A. (ii)	15,571	1,676
Inversiones Nacionales y Multinacionales Andinas S.A. (ii)	2,749	837
Depósito Aduanero Conchán S.A. (ii)	904	1,415
Concremax S.A. (ii)	-	3,202
Generación Eléctrica de Atocongo S.A. (ii)	998	2,000
Other subsidiaries (ii)	1,389	1,109

(i) The tax loss carryforwards of subsidiaries domiciled in the United States amount to US$ 372,015,000 (equivalent to S/ 1,378,316,000). These losses will begin to expire on August 31, 2025 and December 31, 2042. Likewise, from profit or loss of 2018 onwards, the federal loss of approximately US$ 124,254,000 (equivalent to S/ 460,361,000) does not expire.

(ii) Management of each subsidiary domiciled in Peru with tax loss carryforwards chose the option to offset tax losses up to 50% of the taxable profits generated in each year, indefinitely, as well as the option to offset tax losses within four years from the date in which they are generated.

(iii) The tax loss carryforwards of subsidiaries domiciled in Chile and Colombia will be offset against the future taxable profits of subsidiaries in accordance with applicable tax laws.

(e) As of December 31, 2023 and 2022, the net outstanding balance, net of income tax, amounts to S/ 33,745,000 and S/ 149,297,000, respectively.

D. Contingencies
In the normal course of business, the Group had various tax, legal (labor and administrative) and regulatory claims, which are recognized and disclosed in accordance with IFRSs (note 5.xx).

Peru

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

UNACEM Corp S.A.A.

- 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 Cementos Lima S.A.A. for the years 2008 and 2009.
- Mining royalties of Cemento Andino S.A.A. for the year 2008.

In 2023, the Company was able to recover the overpayment of sales tax corresponding to the period February 2001 for S/. 3,657,000, which was recorded in 'other income and other expenses' in the separate statement of comprehensive income (note 29), 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.

In 2022, 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 29).

As of December 31, 2023 and 2022, the Company has accounts receivable from such tax proceedings (note 9(d)). It is the opinion of management and its legal advisors that the Company will obtain a favorable outcome.

CONCREMAX S.A.

Income tax for the year 2012, ending March 2022.
As of December 31, 2021, the Group has accounts receivable from such tax proceedings (note 9(d)). It is the opinion of management and its legal advisors that the Group will obtain a favorable outcome. In 2022, the process resulted unfavorably for the Group, which gave rise to the recognition of an expense of S/ 1,864,000, recognized as expenses for administrative tax penalties, in 'others' in the consolidated statement of comprehensive income.

Sales tax, 2003
SUNAT Intendancy Resolutions issued on December 22, 2023, corresponding to the refund of undue and/or excess payments for sales tax and refund of undue and/or excess payments for fines related to the periods from January to December 2003 for S/. 2,056,000, (note 29) collected in January 2024.

E. Mining royalties

Peru
In accordance with the law and Regulation on Royalties Metallic and Non-metallic Minerals effective from October 1, 2011, mining royalties for holders of mining concessions (metallic and non-metallic mineral resources) shall be quarterly settled. In determining mining royalties, the Group uses the higher of: (i) the amount obtained by applying a marginal step rate to the quarterly operating profit adjusted for certain items; and (ii) 1% of net quarter sales. These amounts shall be determined based on the Group's consolidated financial statements prepared under IFRS. Payments of mining royalties are deductible for determining income tax of the year in which payments are made.

The mining royalties paid to the Peruvian government for the years 2023 and 2022 amounts to S/ 4,902,000 and S/ 5,209,000, respectively. They are recognized in the consolidated statement of profit or loss (note 21(a)).

Ecuador
In accordance with the Mining Law of Ecuador, holders of mining concessions (non-metallic mineral resources) in the exploitation phase are required to make royalty payments to the Ecuadorian State, based on a royalty rate on the amount of minerals produced at a mine. They are settled on a semiannual basis.

In 2023 and 2022, Unacem Ecuador S.A. made royalty payments to the Ecuadorian State for US$ 931,000 (equivalent to S/ 3,477,000) and US$ 949,000 (equivalent to S/ 3,643,000). They are recognized in the consolidated statement of profit or loss (note 25).

F. Environmental commitments
The Group's activities are subject to the environmental regulations. Accordingly, it is required to comply with the following regulations:

i. Industrial sector

Peru
Law 28611 “General Environmental Law” and Law 27446 “National Environmental Impact Assessment Law” regulate the environmental liabilities of all related-activities, including identification, prevention, supervision, control and early correction of the negative environmental impacts from investment projects.

In accordance with the laws, the Company submitted its environmental impact assessments, environmental impact statement and Environmental Adjustment and Management Program (PAMA, for its Spanish acronym) in relation to its business units.

The Company has an environmental impact assessment of the "Updating and Modification of the Environmental Management Tool of the Cement Plant," approved by the Ministry of Production in July 2020. As of December 31, 2023, the investment related to the implementation of the environmental management plan in the cement production phase amounts to US$ 547,794 (2022: US$ 207,495). This assessment and updating of the investment is done on an annual basis.

In 2023 and 2022, Unión de Concreteras S.A. made investments for S/ 691,000 and S/ 560,000, respectively, to implement environmental protection programs.

ii. Mining and port sectors

Peru
The Company prepared environmental impact assessments related to its mining activities (non-metallic mineral resources). It has complied with the assessments within the established terms. As of December 31, 2023, the investment related to mining and port activities amount to US$ 290,000 (2022: US$ 276,000).

On October 14, 2003, the Congress of the Republic of Peru issued Law 28090, a law that regulates the mine closure plan. Such Law establishes the obligations and procedures that a holder of a mining concession shall meet for preparing, submitting, and implementing the mine closure plan as well as lodging the relevant environmental guarantees to ensure compliance with the investments subject to the principles of environmental protection, preservation and recovery. The Company submitted environmental impact assessments of mine closure plans to the Ministry of Production and MINEM within the term established by this Law. The assessments established the guarantee and the investment to be made in the future upon the progressive and final closures of mines. The provision for the closure of mines corresponds to the obligation to restore the site (quarries) and areas affected by exploitation activities. The main activities correspond to mine clearance and reforestation.

As of December 31, 2023 and 2022, the provision for closure of quarries amounts to S/ 29,348,000 and S/ 35,970,000, respectively, It is presented in 'provisions' in the consolidated statement of financial position (note 20(c)). The Group considers that this liability is sufficient to meet the applicable environmental laws approved by the Ministry of Energy and Mines. The Group is updating its quarry closure plan of main mines, in accordance with the applicable law.

Ecuador
The subsidiaries are governed by the Environmental Management Act and the Environmental Regulation on Mining Activities.

As of December 31, 2023 and 2022, the provision for environmental rehabilitation amounts to S/ 2,485,000 and S/ 2,681,000, respectively. It is presented in 'provisions' in the consolidated statement of financial position (note 20(c)).

Chile
The subsidiaries are governed by the Environmental Restoration Law.

As of December 31, 2023 and 2022, the provision for the costs of dismantling the plants amounts to S/ 1,359,000 and S/ 1,081,000, respectively. It is presented in 'provisions' in the consolidated statement of financial position (note 20(c)).

United States
In the United States, the subsidiaries are subject to the application of the Surface Mining and Reclamation Act, applicable to California.

As of December 31, 2023, the provision for the closure of quarries amounts to S/ 43,065,000 and is presented under 'provisions' in the consolidated statement of financial position, note 20(c).

iii. Environmental protection in the electricity-related activities

According to Law 25844 and Law 28611 "General Environmental Law," the Peruvian government designs and applies the policies and regulations necessary for the proper protection of the environment and cultural heritage of Peru, as well as ensures the proper usage of natural resources in developing electricity-related activities and hydrocarbon-related activities. Accordingly, MINEM approved the "Regulation on Environmental Protection in the Electricity-related Activities" (approved by Supreme Decree 29-94-EM), and the "Regulation on Environmental Protection in the Hydrocarbon-related Activities" (approved by Supreme Decree 015-2006-EM).

In management's opinion, Compañía Eléctrica el Platanal S.A. and Celepsa Renovables S.R.L. comply with the environmental laws.

35. Financial Risk Management

The Group 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 Group'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 Group'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, trade and other accounts receivable, other financial liabilities and hedging instruments.

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

The Group prepared sensitivity analyzes based on the assumption that the variables (net debt, fixed and variable interest rates of debt and hedging instruments, and financial instruments in foreign currency) are held constant as of December 31, 2023 and 2022.

i. Interest rate risk

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

The Group minimizes this risk by using interest rate swaps (hedging derivative financial instrument), as a hedge of the variability in cash flows attributable to interest rate movements.

The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the reference interest rate, terms, maturity dates and notional or nominal amounts. Below is a detail of the hedging derivative financial instruments held by the Group.

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

						Fair value	
In thousands of soles	**Currency**	**Benchmark amount (000)**	**Maturity date**	**Variable-rate**	**Fixed-rate**	**2023**	**2022**
Borrower							
Assets							
Citibank N.A.	US$	50,000	October 2025	3-month SOFR + 2.01%	5.73%	1,117	1,130
Banco de Crédito e Inversiones (BCI) (Chile)	CLP	2,692,424	November 2027	CLP rate + 6.78%	Rate UF+3.38%	1,035	1,172
Bank of Nova Scotia S.A.	US$	30,000	September 2025	3-month SOFR + 2.86%	5.695%	645	1,427
Scotiabank Chile S.A.	US$	3,355	-	-	-	-	334
						2,797	**4,063**

The Group has financial instruments to minimize its exposure to the risk of changes in the interest rates of financial liabilities indicated in note 17(e).

The Group pays or receives on a quarterly or monthly basis (at each payment date of loan interest) the difference between the LIBOR applicable to the loan in such period and the fixed rate agreed upon in the interest rate swaps. Cash flows effectively received from or paid by the Group are recognized as an adjustment to borrowing costs of the period for hedged loans.

The Group designated these financial instruments as hedging instruments, since there is an economic relationship between the hedged item and the hedging instrument.

In 2023, the Group recognized expenses incurred on hedging instruments for S/ 5,000 (2022: S/ 7,703,000), which were effectively paid. They are presented in 'financial expenses' in the consolidated statement of profit or loss (note 31). On the other hand, in 2023 the Group recognized a net gain from hedging instruments of S/ 2,693,000 (2022: S/ 3,220,000, which is mainly due to the early cancellation of the debt with Banco Santander in November 2022, note 30).

The effective portion of changes in the fair value of derivatives designated as hedging instruments is recognized in 'assets' or 'liabilities,' and the contra account is net equity. As of December 31, 2023 and 2022, the Group recognized a negative and positive change in the fair value for S/ 2,186,000 and S/ 18,806,000, respectively, in 'unrealized gains and losses' in the consolidated statement of changes in equity. It was recognized net of the effects on income tax.

Sensitivity to interest rates
The following table shows a sensitivity analysis to show the effect of reasonably possible changes in the interest rates of loans, after the effect of hedge accounting. The Group's profit before tax would be affected by the effect on variable rate loans, with all other risk variables held constant, as follows:

For the years ended December 31, 2023 and 2022 the impact on income before income tax on a 10% increase or decrease amounts to approximately S/ 9,494,000 and S/ 2,682,000, respectively.

The fluctuation in interest rates based on basis points is reasonably possible.

ii. 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 Group 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.

In 2023 and 2022, the Group recognized exchange losses for S/ 4,665,000 and S/ 35,445,000, respectively. They are presented in 'exchange difference, net' in the consolidated statement of profit or loss.

As of December 31, 2023 and 2022, the Group has a derivative financial instrument liability corresponding to a "Cross Currency Interest Rate Swap" amounting to S/ 1,529,000 and S/ 3,253,000 in favor of BBVA Peru, in order to hedge its exchange rate fluctuation risks. The derivative is designated as a financial instrument held for trading.

As of December 31, 2023 and 2022, changes in the fair value are recognized as income or expense. As of December 31, 2023 and 2022, the effect corresponds to a net financial income of S/ 1,714,000 and S/ 3,617,000, respectively, and is stated in 'financial income' of the consolidated statement of income (note 30).

Likewise, as of December 31, 2023 and 2022, the Group recognized financial expenses, net incurred on hedging instruments for S/ 695,000 and S/ 1,026,000, respectively, which were effectively paid. They are presented in ‘financial expenses’ in the consolidated statement of profit or loss (note 31).

Sensitivity to exchange rates

Foreign currency transactions are entered into at the free-market exchange rates published by the Banking, Insurance and Private Pension Plan Agency (Superintendencia de Banca, Seguros y AFP - SBS). As of December 31, 2023, the weighted average of free-market exchange rates used in foreign currency transactions (U.S. dollars) 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 Group's assets and liabilities are held in U.S. dollars. The following table shows the foreign currency assets and liabilities:

In thousands of U.S. dollars	**2023**	**2022**
Assets		
Cash and cash equivalents	21,479	30,306
Trade and other accounts receivable	199,307	150,960
	220,786	**181,266**
Liabilities		
Other financial liabilities	(238,305)	(143,513)
Trade and other accounts payable	(211,006)	(116,050)
	(449,311)	**(259,563)**
Foreign currency derivatives (i)	(414)	(852)
Net liability position	**(228,939)**	**(79,149)**

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

	Effects on profit before tax	
In thousands of soles	**2023**	**2022**
Changes in exchange rates (U.S. dollars) %		
+5	(42,591)	(15,201)
+10	(85,182)	(30,401)
-5	42,591	15,201
-10	85,182	30,401

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 Group is exposed to credit risk from its operating activities, including trade accounts receivable, as well as financing activities, including deposits at banks and financial institutions, foreign currency transactions and other financial instruments. The maximum exposure to credit risk for the items in the consolidated 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 Group'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.

The Company only places its liquidity surplus in tier 1 financial institutions, establishes conservative credit policies and periodically evaluates conditions existing in the market where it operates.

Trade accounts receivable
The credit risk of customers is managed by management based on the Group's policies, procedures and control related to credit risk management. The Group assesses the credit rating of a customer based on a credit score and individual credit limits. At the end of each reporting period, the Group uses a provision matrix to measure ECLs.

An impairment analysis is performed at each reporting date using an allowance matrix to measure the expected credit loss. The Company uses a provision matrix based on days past due for groupings showing significantly different loss patterns for different customer segments (i.e., geographical location, instrument type, collateral type, credit risk ratings, and the value of collateral relative to the financial asset). The Group shall measure ECLs in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The gross carrying amount of a trade account receivable is reduced if it is more than one year past due and is not subject to enforcement activities. At the reporting date, the maximum exposure to credit risk is the carrying amount of each type of financial asset disclosed in note 9 to the consolidated statement of financial position.

As of December 31, 2023 and 2022, 10% of the Group's trade accounts receivable are covered by letters of guarantee and others. As of December 31, 2023, the credit history obtained by the Company resulted in an increase in ECLs for S/ 9,828,000 (2022: S/ 4,474,000) (note 9(g)).

The Group assesses the risk concentration of trade accounts receivable as low risk, since its customers belong mainly to the private sector.

Other accounts receivable
Other accounts receivable correspond to outstanding balances for items not related to the Group's main operating activities. As of December 31, 2023 and 2022, other accounts receivable mainly correspond to advances to suppliers, claims to Tax Authorities and third party claims.

Management periodically monitors the credit risk of such items and assesses debts evidencing an impairment in order to recognize the loss allowance. The aging of sundry accounts receivable is shown in note 9(g).

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

The Group's objective is to maintain a balance between continuity and flexibility of financing by using overdrafts in checking accounts and other financial liabilities.

The cash flow projections approved by management allow obtaining updated cash flow projections to ensure the Group has sufficient cash flow to meet its short, medium and long-term liquidity needs while maintaining a limit for unused credit facilities, so that the Group meets the debt limits or covenants, if applicable, on any credit facilities.

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

	As of December 31, 2023			
In thousands of soles	**1 - 12 months**	**1 - 3 years**	**More than 4 years**	**Total**
Trade and other accounts payable (*)	935,041	20,373	159,975	1,115,389
Other financial liabilities				
Amortization of principal	1,686,759	3,131,535	680,382	5,498,676
Cash flows from cash payments from interest	279,296	337,688	153,284	770,268
Lease liabilities				
Amortization of principal	21,821	38,076	85,767	145,664
Cash flows from cash payments from interest	3,346	4,876	5,835	14,057
Total liabilities	**2,926,263**	**3,532,548**	**1,085,243**	**7,544,54**

	As of December 31, 2022			
In thousands of soles	**1 - 12 months**	**1 - 3 years**	**More than 4 years**	**Total**
Trade and other accounts payable (*)	881,986	22,045	6,147	910,178
Other financial liabilities				
Amortization of principal	1,106,529	1,413,546	1,215,803	3,735,878
Cash flows from cash payments from interest	152,838	209,569	203,784	566,191
Lease liabilities				
Amortization of principal	8,024	11,026	3,195	22,245
Cash flows from cash payments from interest	895	1,267	1,887	4,049
Total liabilities	**2,150,272**	**1,657,453**	**1,430,816**	**5,238,541**

(*) As of December 31, 2023 and 2022, it does not include customer advances, taxes, contributions, social security contributions and sales tax for S/ 84,905,000 and S/ 93,388,000, respectively.

D. Capital management

The Group'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 Group 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.

In accordance with the industry, the Group 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 equity corresponds to net equity, as shown in the consolidated statement of financial position, plus net debt.

In thousands of soles	**Note**	**2023**	**2022**
Other financial liabilities	17	5,498,676	3,735,878
Trade and other accounts payable (*)	18	1,149,052	940,035
Less: Cash and cash equivalents	8	(401,275)	(334,845)
Net debt (a)		**6,246,453**	**4,341,68**
Net equity		**5,910,865**	**5,696,808**
Net debt and total equity (b)		**12,157,318**	**10,037,876**
Debt-to-equity ratio (a/b)		**0.514**	**0.432**

(*) As of December 31, 2023 and 2022, it excludes customer advances for S/ 51,242,000 and S/ 63,531,000, respectively.

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

36. Fair Value

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

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

In thousands of soles	**Level 2**	**Total**
December 31, 2023		
Financial assets		
Hedging instruments	2,797	2,797
Financial liabilities		
Hedging instruments	(1,539)	(1,539)
Total financial assets, net	**1,258**	**1,258**
December 31, 2022		
Financial assets		
Hedging instruments	4,063	4,063
Financial liabilities		
Hedging instruments	(3,253)	(3,253)
Total financial assets, net	**810**	**810**

Fair value of financial instruments measured at amortized cost

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

Level 1

- Cash and cash equivalents are not significantly exposed to credit or interest rate risks. Therefore, the carrying amount is a reasonable approximation of fair value.

- Accounts receivable are net of loss allowance, and have current maturities. In management's opinion, the carrying amount does not differ materially from the fair value.

- Due to their current maturity, the carrying amount of trade and other accounts payable is a reasonable approximation of fair value.

Level 2

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

	2023		2022	
In thousands of soles	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Other financial liabilities (*)	4,888,358	4,992,509	3,287,326	3,280,118
	4,888,358	**4,992,509**	**3,287,326**	**3,280,118**

(*) As of December 31, 2023 and 2022, it does not include promissory notes and overdrafts (note 17).

37. Changes in Liabilities from Financing Activities

The reconciliation of changes in the financial liabilities and financing activities in the consolidated statement of cash flows is as follows:

In thousands of soles	Balance as of January 1, 2023	Cash flows	New bank loans	Dividends declared	New leases	Effects of exchange difference and translation	Acquisition of non-controlling interests	Treasury shares	Acquisition of subsidiaries (note 1.B)	Others	Balance as of December 31, 2023
Overdrafts	38,561	(103,193)	66,221	-	-	(1,168)	-	-	-	-	421
Promissory notes	409,991	(1,245,514)	1,452,170	-	-	(6,638)	-	-	-	(112)	609,897
Bank loans, financial leases and corporate bonds	3,287,326	(647,507)	2,230,800	-	49,590	(38,286)	-	-	-	6,435	4,888,358
Dividends payable	15,801	(175,543)	-	179,389	-	-	-	-	-	(262)	19,385
Lease liabilities	22,245	(20,950)	-	-	18,333	838	-		122,481	2,717	145,664
Acquisition of treasury shares	(23,530)	-	-	-	-	-	-	(64,434)	-	65,016	(22,948)
Acquisition of non-controlling interests	6,208	(24,701)	-	-	-	(187)	18,680	-	-	-	-
Total liabilities from financing activities	**3,756,602**	**(2,217,408)**	**3,749,191**	**179,389**	**67,923**	**(45,441)**	**18,680**	**(64,434)**	**122,481**	**73,794**	**5,640,777**

In thousands of soles	Balance as of January 1, 2022	Cash flows	New bank loans	Dividends declared	New leases	Effects of exchange difference and translation	Acquisition of non-controlling interests	Treasury shares	Others	Balance as of December 31, 2022
Overdrafts	23,988	(96,914)	112,508	-	-	(1,021)	-	-	-	38,561
Promissory notes	315,546	(619,416)	720,212	-	-	(6,351)	-	-	-	409,991
Bank loans, financial leases and corporate bonds	3,588,500	(558,331)	233,143	-	82,755	(67,789)	-	-	9,048	3,287,326
Dividends payable	87,846	(293,297)	-	221,737	-	(443)	-	-	(42)	15,801
Lease liabilities	24,840	(11,016)	-	-	8,132	(232)	-	-	521	22,245
Acquisition of treasury shares	(11,610)	-	-	-	-	-	-	(11,920)	-	(23,530)
Acquisition of non-controlling interests	-	(18,612)	-	-	-	(175)	24,995	-	-	6,208
Total liabilities from financing activities	**4,029,110**	**(1,597,586)**	**1,065,863**	**221,737**	**90,887**	**(76,011)**	**24,995**	**(11,920)**	**9,527**	**3,756,602**

38. Segment Information

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

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

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

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

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

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

The following table shows financial information as of December 31, 2023 and 2022 by reportable segment, net of eliminations:

	As of December 31, 2023						
In thousands of soles	**Cement**	**Concrete**	**Electric power**	**Others**	**Total operating segments**	**Adjustments and eliminations**	**Consolidation**
Revenue							
External customers	3,248,433	2,436,360	672,997	18,484	6,376,274	-	6,376,274
Intersegments	442,195	95,156	104,352	620,647	1,262,350	(1,262,350)	-
Total revenue	**3,690,628**	**2,531,516**	**777,349**	**639,131**	**7,638,624**	**(1,262,350)**	**6,376,274**
Gross profit	**1,117,879**	**279,709**	**137,983**	**552,180**	**2,087,751**	**(505,360)**	**1,582,391**
Operating income (expenses)							
Administrative expenses	(251,863)	(98,188)	(32,892)	(135,062)	(518,005)	37,548	(480,457)
Sales expenses	(73,167)	(28,944)	(8,947)	(4,140)	(115,198)	-	(115,198)
Other income (expenses), net	(95,013)	(17,867)	(121)	(34,785)	(147,786)	154,354	6,568
Operating profit	**697,836**	**134,710**	**96,023**	**378,193**	**1,306,762**	**(313,458)**	**993,304**
Other income (expenses)							
Net interests in associates	-	4,814	-	259	5,073	7,039	12,112
Financial income	13,166	2,374	3,364	14,766	33,670	(16,848)	16,822
Financial expenses	(128,974)	(25,715)	(39,103)	(97,827)	(291,619)	16,848	(274,771)
Exchange difference, net	7,005	(2,197)	2,088	(2,231)	4,665	-	4,665
Profit before tax	**589,033**	**113,986**	**62,372**	**293,160**	**1,058,551**	**(306,419)**	**752,132**
Income tax	(181,913)	2,611	(29,849)	(17,861)	(227,012)	(2,347)	(229,359)
Net profit by operating segment	**407,120**	**116,597**	**32,523**	**275,299**	**831,539**	**(308,766)**	**522,773**
Profit before tax by operating segment	**704,841**	**132,513**	**98,111**	**368,923**	**1,304,388**	**(552,256)**	**752,132**
Operating assets	**9,729,999**	**1,551,250**	**2,004,928**	**409,477**	**13,695,654**	**-**	**13,695,654**
Operating liabilities	**4,880,499**	**683,274**	**1,061,939**	**1,159,77**	**7,784,789**	**-**	**7,784,789**

	As of December 31, 2022						
In thousands of soles	**Cement**	**Concrete**	**Electric power**	**Others**	**Total operating segments**	**Adjustments and eliminations**	**Consolidation**
Revenue							
External customers	3,350,673	2,310,954	298,949	18,267	5,978,843	-	5,978,843
Intersegments	397,103	126,179	128,801	628,664	1,280,747	(1,280,747)	-
Total revenue	**3,747,776**	**2,437,133**	**427,750**	**646,931**	**7,259,590**	**(1,280,747)**	**5,978,843**
Gross profit	**1,208,251**	**255,821**	**122,319**	**572,147**	**2,158,538**	**(529,927)**	**1,628,611**
Operating income (expenses)							
Administrative expenses	(255,358)	(79,019)	(22,604)	(80,609)	(437,590)	35,968	(401,622)
Sales expenses	(82,291)	(31,079)	(6,434)	(311)	(120,115)	-	(120,115)
Other income (expenses), net	(148,227)	(18,710)	893	6,782	(159,262)	137,784	(21,478)
Operating profit	**722,375**	**127,013**	**94,174**	**498,009**	**1,441,571**	**(356,175)**	**1,085,396**
Other income (expenses)							
Net interests in associates	(1)	3,558	-	269	3,826	35	3,861
Financial income	16,220	3,327	310	7,187	27,044	(10,410)	16,634
Financial expenses	(96,368)	(21,698)	(15,414)	(63,559)	(197,039)	4,418	(192,621)
Exchange difference, net	36,400	(5,701)	6,677	(1,931)	35,445	-	35,445
Profit before tax	**678,626**	**106,499**	**85,747**	**439,975**	**1,310,847**	**(362,132)**	**948,715**
Income tax	(219,955)	(1,031)	(27,809)	(34,417)	(283,212)	(5,908)	(289,120)
Net profit by operating segment	**458,671**	**105,468**	**57,938**	**405,558**	**1,027,635**	**(368,040)**	**659,595**
Profit before tax by operating segment	**758,775**	**121,312**	**100,851**	**502,035**	**1,482,973**	**(534,258)**	**948,715**
Operating assets	**7,979,412**	**1,630,928**	**1,188,971**	**589,761**	**11,389,072**	**-**	**11,389,072**
Operating liabilities	**3,098,389**	**753,509**	**376,180**	**1,464,186**	**5,692,264**	**-**	**5,692,264**

Eliminations and reconciliation
The financial incomes and expenses and gains and losses from changes in the fair value of financial assets are not allocated to separate segments, since the underlying instruments are managed centrally.

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

In thousands of soles	2023	2022
Reconciliation of profit or loss		
Profit before tax by operating segment before adjustments and eliminations	**1,304,388**	**1,482,973**
Financial income	16,822	16,634
Financial expenses	(274,771)	(192,621)
Net interests in associates	12,112	3,861
Eliminations of related party transactions	(306,419)	(362,132)
Profit before tax by operating segment	**752,132**	**948,715**

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

In thousands of soles	2023	2022
Revenue from customers		
Peru	4,216,158	3,854,796
United States	1,081,826	973,846
Ecuador	603,129	682,994
Chile	456,664	449,451
Colombia	18,497	17,756
Total revenue under consolidated statement of profit or loss	**6,376,274**	**5,978,843**
Non-current assets		
Peru	7,256,095	6,475,899
United States	2,792,335	1,682,902
Ecuador	839,131	819,944
Chile	300,404	331,823
Colombia	27,781	22,825
Total non-current assets under consolidated statement of financial position	**11,215,746**	**9,333,393**

39. Subsequent Events
According to the Group's management opinion, between January 1, 2024 and the date of issuance of these consolidated financial statements, no other significant events or developments have occurred that would require disclosure in the consolidated 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.