UNACEM Corp S.A.A.

Separate Financial Statements

As of December 31, 2022 and 2021

(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 separate financial statements of UNACEM Corp S.A.A. (hereinafter the Company), which comprise the separate statement of financial position as of December 31, 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the Company's financial position as of December 31, 2022, and its non-consolidated financial performance and its non-consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for Opinion

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

Emphasis of Matters

We draw attention to note 1 to the separate financial statements describing the reorganization of the Company, which involved the segregation of three equity blocks that were contributed to three controlled subsidiaries, with no changes in the Company's capital stock or in the control unit. Our opinion is not modified on this matter.

We draw attention to note 1 to the separate financial statements which describes that these separate financial statements of UNACEM Corp S.A.A.A. have been prepared in compliance with the legal requirements in force in Peru for the presentation of financial information. These separate financial statements reflect the value of an investment in a subsidiary using the cost model and not in a consolidated basis; therefore, these separate financial statements shall be read jointly with the consolidated financial statements of the UNACEM Corp S.A.A and Subsidiaries, which are presented separately. Our report, dated March 03, 2023, expressed an unqualified opinion on those financial statements.

Key Audit Matters

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

Evaluation of impairment analysis of investments in subsidiaries; Investments in subsidiaries and others to the separate financial statements (note 9)	
Key Audit Matters	**Addressing key audit matters**
According to the note 9 to the separate financial statements, the Company holds investments in subsidiaries for an amount of (in thousands) S/ 6,114,481 as of December 31, 2022, whose allowance for impairment of investments is S/ 40,475 as of December 31, 2022. Management is responsible for the evaluation of IAS 36 *Impairment of assets.* At the end of each reporting period, the Company assesses whether there is any indication that a non-financial asset may be impaired. If any such an indication exists, the Company estimates the recoverable amount of that interest. We have identified the assessment of the recoverability of the value of investments in subsidiaries as a critical audit matter. The assessment required auditor judgment due to the review of detailed budgets and projections, discount rates and long-term growth rates, which involves a high degree of subjectivity.	Our approach to address the issue involved the following procedures, among others: ▪ Review the analysis performed by Management related to the evaluation of impairment indicators of investments in subsidiaries and, if necessary, the determination of the recoverable amount. ▪ In those cases where it was necessary to estimate the recoverable amount, including the projection of discounted cash flows, we have involved valuation professionals with specialized skills and knowledge in order to assess the reasonableness of the assumptions used by management, which include, among others, projected growth levels and discount rates. Our analysis also considered the comparison of the Company's estimates with actual results in order to assess the Company's ability to make accurate budgets. ▪ Review of the determination of impairment and its appropriate accounting recording, if necessary, as well as the review of the disclosures made by the Company's management in the notes to the consolidated financial statements.

Other Information

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

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

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

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

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

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

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

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

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

Lima, Perú

March 3, 2023

Caipo y Asociados

Countersigned by:

Cristian Emmerich (Partner)
Peruvian CPA Registration 39801

UNACEM Corp S.A.A.

Separate Financial Statements

As of December 31, 2022 and 2021

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(Translation of Financial Statements originally issued in Spanish)

UNACEM Corp S.A.A.

Separate Statement of Financial Position

As of December 31, 2022 and 2021

In thousands of soles	*Note*	2022	2021
Assets			
Current assets			
Cash and cash equivalents	*6*	6,426	54,588
Trade and other accounts receivable	*7*	177,888	287,498
Inventories	*8*	-	424,288
Prepaid expenses		2,270	3,833
Total current assets		**186,584**	**770,207**
Non-current assets			
Trade and other accounts receivable	*7*	97,143	105,079
Investments in subsidiaries and others	*9*	6,074,006	3,792,826
Mining concessions and property, plant and equipment	*10*	62	3,788,901
Deferred tax liabilities	*16*	11,310	-
Stripping activity assets	*11*	-	102,528
Intangible assets	*12*	20,939	36,541
Total non-current assets		**6,203,460**	**7,825,875**
Total assets		**6,390,044**	**8,596,082**

In thousands of soles	*Note*	2022	2021
Liabilities			
Current liabilities			
Other financial liabilities	*14*	140,057	383,635
Trade and other accounts payable	*13*	48,852	427,127
Provisions	*15*	550	41,358
Total current liabilities		**189,459**	**852,120**
Non-current liabilities			
Other financial liabilities	*14*	950,047	2,280,272
Hedging instruments	*29.A*	-	25,428
Deferred tax liabilities	*16*	-	401,849
Trade and other accounts payable	*13*	1,587	-
Provisions	*15*	-	25,405
Total non-current liabilities		**951,634**	**2,732,954**
Total liabilities		**1,141,093**	**3,585,074**
Equity	*17*		
Issued Capital		1,818,128	1,818,128
Additional capital		(38,019)	(38,019)
Treasury shares		(23,530)	(11,610)
Legal reserve		363,626	363,626
Unrealized gains and losses		-	(17,927)
Retained earnings		3,128,746	2,896,810
Total equity		**5,248,951**	**5,011,008**
Total liabilities and equity		**6,390,044**	**8,596,082**

The accompanying notes on pages 6 to 66 are an integral part of these separate financial statements.

UNACEM Corp S.A.A.
Separate Statement of Profit or Loss
For the years ended December 31, 2022 and 2021

In thousands of soles	***Note***	**2022**	**2021**
Revenue	*18*	534,612	2,429,187
Cost of sales	*19*	-	(1,565,175)
Gross profit		**534,612**	**864,012**
Operating income (expenses)			
Administrative expenses	*20*	(57,479)	(176,156)
Selling expenses	*21*	-	(65,616)
Other income	*23*	13,380	164,194
Other expenses	*23*	(6,055)	(43,703)
		(50,154)	**(121,281)**
Operating profit		**484,458**	**742,731**
Finance income	*24*	2,158	3,055
Borrowing costs	*25*	(53,915)	(159,271)
Exchange difference, net	*29.A.(ii)*	(2,283)	(48,270)
Finance charge, net		**(54,040)**	**(204,486)**
Profit before tax		**430,418**	**538,245**
Income tax expense	*16(a)*	(17,976)	(142,714)
Net profit or loss		**412,442**	**395,531**
Net basic and diluted earnings per share (in *soles*)	***27***	**0.228**	**0.218**
Weighted average number of outstanding shares (in thousands of shares)	***27***	**1,807,026**	**1,816,689**

The accompanying notes on pages 6 to 66 are an integral part of these separate financial statements.

UNACEM Corp S.A.A.
Separate Statement of Comprehensive Income
For the years ended December 31, 2022 and 2021

In thousands of soles	***Note***	**2022**	**2021**
Net profit or loss		412,442	395,531
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss			
Changes in fair value of hedging instruments	*29.A*	-	17,907
Total other comprehensive income to be reclassified to profit or loss		**-**	**17,907**
Other comprehensive income not to be reclassified to profit or loss			
Reserve assets measured at FVOCI		-	3,938
Total other comprehensive income not to be reclassified to profit or loss		**-**	**3,938**
Income tax related to components of other comprehensive income			
Fair value of hedging instruments	*16*	-	(5,282)
Assets measured at FVTPL	*16*	-	(1,161)
Income tax related to components of other comprehensive income		**-**	**(6,443)**
Other comprehensive income, net of taxes		**-**	**15,402**
Other comprehensive income, net of taxes		**412,442**	**410,933**

The accompanying notes on pages 6 to 66 are an integral part of these separate financial statements.

UNACEM Corp S.A.A.
Separate Statement of Changes in Equity
For the years ended December 31, 2022 and 2021

In thousands of soles	***Note***	**Issued capital (note 17.A)**	**Additional capital (note 17.B)**	**Treasury shares (note 17.C)**	**Legal reserve (note 17.D)**	**Unrealized gains and losses (note 17.E)**	**Retained earnings**	**Total**
Balance as of January 1, 2021		1,818,128	(38,019)	-	363,626	(33,329)	2,690,224	4,800,630
Other comprehensive income								
Net profit or loss		-	-	-	-	-	395,531	395,531
Other comprehensive income		-	-	-	-	15,402	-	15,402
Total other comprehensive income		**-**	**-**	**-**	**-**	**15,402**	**395,531**	**410,933**
Transactions with owners of the Company								
Dividend distribution	*17.F*	-	-	-	-	-	(192,445)	(192,445)
Treasury shares	*17.C*	-	-	(11,610)	-	-	-	(11,610)
Others		-	-	-	-	-	3,500	3,500
Total transactions with owners of the Company		**-**	**-**	**(11,610)**	**-**	**-**	**(188,945)**	**(200,555)**
Balance as of December 31, 2021		**1,818,128**	**(38,019)**	**(11,610)**	**363,626**	**(17,927)**	**2,896,810**	**5,011,008**
Balance as of January 1, 2022		1,818,128	(38,019)	(11,610)	363,626	(17,927)	2,896,810	5,011,008
Other comprehensive income								
Net profit or loss		-	-	-	-	-	412,442	412,442
Other comprehensive income		-	-	-	-	17,927	(17,927)	-
Total other comprehensive income		**-**	**-**	**-**	**-**	**17,927**	**394,515**	**412,442**
Transactions with owners of the Company								
Dividend distribution	*17.F*	-	-	-	-	-	(162,610)	(162,610)
Treasury shares	*17.C*	-	-	(11,920)	-	-	-	(11,920)
Others		-	-	-	-	-	31	31
Total transactions with owners of the Company		**-**	**-**	**(11,920)**	**-**	**-**	**(162,579)**	**(174,499)**
Balance as of December 31, 2022		**1,818,128**	**(38,019)**	**(23,530)**	**363,626**	**-**	**3,128,746**	**5,248,951**

The accompanying notes on pages 6 to 66 are an integral part of these separate financial statements.

(Translation of Financial Statements originally issued in Spanish)

UNACEM Corp S.A.A.
Separated Statement of Cash Flows
For the years ended December 31, 2022 and 2021

In thousands of soles	***Note***	**2022**	**2021**
Cash flows from operating activities			
Cash receipts from transfer of goods and services		227,426	2,897,445
Dividends received	*9(e)*	381,275	168,731
Cash payments to suppliers		(270,973)	(1,603,106)
Cash payments to employees		(55,160)	(240,483)
Cash payments from income tax		(104,627)	(82,644)
Cash paid for taxes		(7,279)	(194,939)
Cash payments from interest		(59,486)	(156,137)
Other cash payments, net		137,987	71,852
Net cash from operating activities		**249,163**	**860,719**
Cash flows from investing activities			
Contributions between the Company and its subsidiaries	*9(c)*	(18,873)	(252,581)
Expenses for work-in-progress	*10*	-	(132,648)
Acquisition of property, plant and equipment	*10*	-	(4,977)
Acquisition of intangible assets	*12*	(965)	(3,041)
Net cash used in investing activities		**(19,838)**	**(393,247)**
Cash flows from financing activities			
Short-term loans	*31*	60,000	531,316
Long-term debts	*31*	-	1,168,289
Cash payments from short-term loans	*31*	(60,000)	(735,248)
Cash payments from long-term debts	*31*	(13,851)	(1,534,435)
Cash paid for dividends	*31*	(228,670)	(115,886)
Cash payments from related-party loans		(21,202)	-
Acquisition of portfolio shares	*17(c)*	(11,920)	(11,610)
Net cash flow used in financing activities		**(275,643)**	**(697,574)**
Net decrease in cash and cash equivalents		**(46,318)**	**(230,102)**
Exchange difference		(1,844)	(5,562)
Opening balance		54,588	290,252
Closing balance		**6,426**	**54,588**
Non-cash transactions			
Transfer of assets and liabilities due to reorganization	*1 and 9(c)*	2,264,380	-
Impairment of investments	*9(c)*	2,073	-
Contributions UNACEM Chile S.A.	*9(a)*	-	83,678
Capitalized interest	*10*	-	4,348

The accompanying notes on pages 6 to 66 are an integral part of these separate financial statements.

1. Background and Economic Activity

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

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

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

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

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

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

The most relevant data of the consolidated financial statements of UNACEM Corp S.A.A. and subsidiaries as of December 31, 2022 and 2021 are presented below:

In thousands of soles	**2022**	**2021**
Consolidated Statement of Financial Position		
Total assets	11,389,072	11,123,298
Total liabilities	5,692,264	5,752,991
Equity attributable to owners of the Parent Company	5,410,651	5,094,718
Non-controlling interests	286,157	275,589
Consolidated Statement of Profit or Loss		
Net sales	5,978,843	5,066,169
Equity attributable to owners of the Parent	554,653	498,114
Net income for the year from non-controlling interests	104,942	76,641

The General Shareholders' Meeting, held March 30, 2022, approved the separate financial statements as of December 31, 2021. The separate financial statements as of December 31, 2022 have been issued with management approval on January 30, 2023, and will be presented to the Board of Directors and General Shareholders' Meeting, which will be held within the terms established by law, for corresponding approval. In management’s opinion, the separate financial statements will be approved by the General Shareholders’ Meeting with no modification to the separate financial statements.

Reorganization and change in name and corporate purpose

On December 14, 2021, the General Shareholders' Meeting approved the Reorganization of the entity, which became effective on January 1, 2022.

The reorganization project involved the segregation of three equity blocks that were contributed by the Company to three wholly-owned subsidiaries, with no changes in the Company's capital stock or in the control unit; the three contributed subsidiaries are UNACEM Perú S.A., Minera Adelaida S.A. and Inversiones Nacionales y Multinacionales Andinas S.A. (INMA).

The business unit UNACEM Perú S.A. is the new company specialized in the production and commercialization of clinker and cement in the country and for export. All assets and liabilities related to the cement business, such as the production plant, the port terminal operation, the mining operation, the hydroelectric power plants and the thermal plant were transferred to UNACEM Perú S.A.; Minera Adelaida S.A. received through transfer mining concessions not related to the main economic activity of UNACEM Perú S.A. and INMA received through transfer the real estate not related to the main economic activity of UNACEM Perú S.A.

Therefore, the Company will develop strategic guidelines for the generation of long-term shareholder value and will facilitate the alignment of its operating business units by focusing on the development of talent, operational performance and sustainable finances, as well as on the Company's transformation process, capitalizing on the knowledge gathered in its more than 100 years as a leader in the cement market in the country.

The General Shareholders' Meeting also approved the change in the name and corporate purpose of the Company. Accordingly, its new name is UNACEM Corp. S.A.A. On June 2, 2022 the change was registered with the SUNARP (Superintendencia Nacional de los Registros Públicos).

The reconciliation of the separate statement of financial position before and after the reorganization is presented below:

		Equity Block Transferred (-)					
In thousands of soles	**As of December 2021**	**UNACEM Perú S.A.**	**Minera Adelaida S.A.**	**INMA S.A.**	**Total Transfers**	**Translation effects**	**As of January 01, 2022**
Assets							
Current assets							
Cash and cash equivalents	54,588	-	-	-	-	-	54,588
Trade and other accounts receivable	287,498	7,867	25	195	8,087	-	279,411
Inventories	424,288	424,288	-	-	424,288	-	-
Prepaid expenses	3,833	2,309	-	-	2,309	-	1,524
Total current assets	**770,207**	**434,464**	**25**	**195**	**434,684**	**-**	**335,523**
Non-current assets							
Trade and other accounts receivable	105,079	10,380	-	-	10,380	-	94,699
Investments in subsidiaries and others	3,792,826	-	-	-	-	2,264,380	6,057,206
Mining concessions and property, plant and equipment	3,788,901	3,669,554	27,199	92,015	3,788,768	-	133
Deferred tax liabilities	-	-	-	-	-	3,060	3,060
Stripping activity assets	102,528	102,528	-	-	102,528	-	-
Intangible assets	36,541	12,991	-	-	12,991	-	23,550
Total non-current assets	**7,825,875**	**3,795,453**	**27,199**	**92,015**	**3,914,667**	**2,267,440**	**6,178,648**
Total assets	**8,596,082**	**4,229,917**	**27,224**	**92,210**	**4,349,351**	**2,267,440**	**6,514,171**
Liabilities							
Current liabilities				-			
Other financial liabilities	383,635	361,724	-	-	361,724	-	21,911
Trade and other accounts payable	427,127	62,104	-	-	62,104	-	365,023
Provisions	41,358	6,147	-	-	6,147	-	35,211
Total current liabilities	**852,120**	**429,975**	**-**	**-**	**429,975**	**-**	**422,145**
Non-current liabilities							
Other financial liabilities	2,280,272	1,199,254	-	-	1,199,254	-	1,081,018
Hedging instruments	25,428	25,428	-	-	25,428	-	-
Deferred tax liabilities	401,849	393,379	-	11,530	404,909	3,060	-
Provisions	25,405	25,405	-	-	25,405	-	-
Total non-current liabilities	**2,732,954**	**1,643,466**	**-**	**11,530**	**1,654,996**	**3,060**	**1,081,018**
Total liabilities	**3,585,074**	**2,073,441**	**-**	**11,530**	**2,084,971**	**3,060**	**1,503,163**

In thousands of soles	As of December 2021	Equity Block Transferred (-) UNACEM Perú S.A.	Minera Adelaida S.A.	INMA S.A.	Total Transfers	Translation effects	As of January 01, 2022
Equity							
Issued Capital	1,818,128	2,156,476	27,224	80,680	2,264,380	2,264,380	1,818,128
Additional capital	(38,019)	-	-	-	-	-	(38,019)
Treasury shares	(11,610)	-	-	-	-	-	(11,610)
Legal reserve	363,626	-	-	-	-	-	363,626
Unrealized gains and losses	(17,927)	-	-	-	-	-	(17,927)
Retained earnings	2,896,810	-	-	-	-	-	2,896,810
Total equity	**5,011,008**	**2,156,476**	**27,224**	**80,680**	**2,264,380**	**2,264,380**	**5,011,008**
Total liabilities and equity	**8,596,082**	**4,229,917**	**27,224**	**92,210**	**4,349,351**	**2,267,440**	**6,514,171**

The presentation of the Company's separate financial information as of fiscal year 2022 reflects the financial reality of a holding company.

- The statement of financial position reports on the assets side the portfolio of investments in the different business units (subsidiaries) of the Grupo UNACEM, including the investment in UNACEM Perú S.A. as a result of the reorganization. Liabilities report the Company's debt associated with the investments in subsidiaries.
- The separate statement of income reports the holding company's income from two types of sources: income from royalties and dividends from the business units; it also shows the Company's administrative and other expenses.

For the analysis of the information in the separate statement of financial position, the balances as of December 31, 2022 and 2021 are considered. For the separate statement of income, the information as of December 31, 2022 and 2021 is presented; however, the figures are not comparable because as of 2022 the Company is a holding company managing a portfolio of investments. The Interpretation did not have an effect on the Company's consolidated financial statements.

Acquisition agreement of unrelated entity

On December 29, 2022, the subsidiary Compañía Eléctrica El Platanal S.A. was notified of the approval of the offer made for the acquisition of the shares and claims of Termochilca S.A., a power generation company with a combined thermal power cycle plant located in the district of Chilca, province of Cañete, with an installed capacity of 300 MW.

Also, on December 30, 2022, the subsidiary Compañía Eléctrica El Platanal S.A. entered into a trust agreement with Fiduciaria S.A., the latter on behalf of the Trust Patrimony G00-3- 1211-0488, a share transfer agreement, by virtue of which this subsidiary will acquire, 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 Termochilca S.A.'s capital stock.

The subsidiary Compañía Eléctrica El Platanal S.A. has the commitment to acquire, together with the aforementioned shares, 100% of the guaranteed claims (senior debt and subordinated bonds) of Termochilca S.A. in accordance with the sale procedure regulated in the trust agreement of the aforementioned trust patrimony. The total agreed price will be US$ 141,000,000, which will be paid directly by the Subsidiary with resources from bank financing in 2023. This acquisition agreement has no effect on the Company's separate financial statements as of December 31, 2022 to the extent that it is subject to INDECOPI's authorization.

2. Basis of Preparation of the Separate Financial Statements

A. Basis of preparation

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), effective December 31, 2022 and 2021. The Company is not required to prepare separate financial statements under IFRSs. However, entities domiciled in Peru are required to prepare separate financial statements in accordance with applicable laws. Accordingly, the Company prepared separate financial statements in accordance with IAS 27 *Separate Financial Statements*.

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

The Company prepared the separate financial statements on a going concern basis. In making its assessment, management considers events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least twelve months from the end of the reporting period. The following matters were considered in preparing these separate financial statements.

New standards, amendments and interpretations

New amendments to IFRSs of mandatory application for periods beginning on or after January 1, 2022.

Effective date	Amendments
January 1, 2022	*Onerous Contracts – Cost of Fulfilling a Contract* (Amendments to IAS 37)
	Annual Improvements to IFRS Standards 2018-2020 Cycle – various standards (Amendments to IFRS 1, IAS 9 and IAS 41)
	Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
	Reference to the Conceptual Framework (Amendments to IFRS 3)
April 1, 2022	*COVID-19-Related Rent Concessions* (Amendments to IFRS 16)

The Company adopted these standards, interpretations and amendments, which had no significant effect on the separate financial statements as of December 31, 2022.

B. Significant accounting policies

The significant accounting policies used by management in preparing the separate financial statements are the following:

(a) Cash and cash equivalents (note 6)

Cash and cash equivalents comprise cash on hand, fixed funds, checking accounts and time deposits. In preparing the separate statement of cash flows, cash and cash equivalents comprise cash and short-term deposits with an original maturity of less than 3 months.

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

The Company classifies financial assets as subsequently measured at amortized cost, FVOCI or FVTPL on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. At initial recognition, the Company measures a financial asset at its fair value plus transaction costs. The Company measures accounts receivable at their transaction price if they do not contain a significant financing component or when the Company 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 Company determines whether the asset's contractual cash flows are solely payments of principal and interest on the principal amount outstanding at an individual instrument level.

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

Subsequent measurement

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

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

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

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

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

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

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

The Company's financial assets measured at amortized cost comprise cash and cash equivalents and trade and other accounts receivable (notes 6 and 7).

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

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

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

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

Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. Dividends on such investments are recognized in ‘other income’ in the separate 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.

As of December 31, 2021, the Company maintained dividends receivable from its subsidiaries in this category, because they were not collected in the short term (note 30).

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

Financial assets measured at FVTPL are recognized in 'borrowing costs' (net negative changes in the fair value) or 'finance income' (net positive changes in the fair value) in the separate statement of profit or loss.

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

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

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

When the Company transfers a financial asset, it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. In this case: if the Company has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset. When the Company continues to recognize an asset to the extent of its continuing involvement, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

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

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

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

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

- ***Financial liabilities***

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

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

The Company's financial liabilities comprise trade and other accounts payable and other financial liabilities (notes 13 and 14).

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

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

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

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

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

Interest-bearing debts and loans
After initial recognition, interest-bearing debts and loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in 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 'borrowing costs' in the separate statement of profit or loss.

This category comprises trade and other accounts payable and other financial liabilities.

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

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

▪ ***Hedging instruments and hedge accounting (note 29.A)***
The Company 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 Company'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 Company 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 29.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 Company 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.

For hedge accounting purposes, the Company designated the three interest rate swaps entered into in the year 2018 as a cash flow hedge, effective as of December 31, 2021. These contracts were transferred as part of the reorganization explained in note 1.

(c) Fair value of financial instruments (note 30)

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

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

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

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

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

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

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

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

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

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

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

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

The Company classifies all other liabilities as non-current.

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

(e) Foreign currency transactions (notes 5 and 29.A)

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

Foreign currency transactions and balances

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.

(f) Inventories (note 8)

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 borrowing costs and exchange differences.

- ***Loss allowance***

The Company 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.

As of December 31, 2022, the Company does not maintain inventories as they were transferred as part of the reorganization mentioned in note 1.

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

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

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

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

(h) Borrowing costs (note 10.d)

The Company 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 separate 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.

On December 31, 2022, the Company did not incur financing costs directly attributable to the acquisition, construction or production of an asset that requires a substantial period of time to get ready for use in the manner intended by management or to be sold.

(i) Property, plant and equipment (note 10)

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 2(o.2)). If the Company 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 separate statement of profit or loss as incurred.

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

	Years
Buildings and other constructions	10 - 50
Premises	3 - 10
Machinery and equipment and major replacement parts	7 - 25
Vehicles	5 - 10
Furniture and fixtures	6 - 10
Various equipment	4 - 10
Closure of quarries	11 - 38

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 separate 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.

(j) Mining concessions (note 10(a))

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' in the separate statement of financial position. Mining concessions are amortized using the straight-line method. If the Company abandons a concession, the related costs are recognized in the separate statement off profit or loss.

As of December 31, 2022, as a result of the reorganization explained in note 1, the Company does not hold any mining concessions.

(k) Intangible assets (note 12)

Goodwill
The Company 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' in the separate 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 Company 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 Company shall recognize the impairment loss. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

As of December 31, 2022, as a result of the reorganization explained in note 1, the Company does not have goodwill, since it was transferred to UNACEM Perú S.A.

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

Software and licenses
Software and licenses are measured initially at cost. The comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Such costs are amortized over the useful life of the intangible asset (i.e., from 3 to 10 years).

(l) Deferred stripping costs (note 11)
The Company 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 Company recognizes the costs of that stripping activity as production costs. To the extent the benefit is improved access to ore, the Company 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 Company 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.

As of December 31, 2022, as a result of the reorganization explained in note 1, the Company does not have any deferred asset for stripping.

(m) Reserve estimates (note 15(b))

Reserves are estimates of the amount of product (ore) that can be economically and legally extracted from non-metallic mineral resources. The Company 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.

As of December 31, 2022, as a result of the reorganization explained in note 1, the Company does not maintain estimates of resources and reserves.

(n) Impairment of non-financial assets (notes 9(f), 10(f) and 12)

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

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

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

An impairment loss recognized in prior periods for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss for an asset other than goodwill is recognized immediately in 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 Company bases cash flow projections on the most recent financial budgets/forecasts approved by management. Projections based on these budgets/forecasts shall cover a maximum period of five years. When a period greater than five years is used for a CGU, the Company uses a long-term average growth rate to extrapolate cash flow projections.

(o) Provisions (note 15)

(o.1) General provision

A provision is only recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When some or all of the expense required to settle a provision is expected to be reimbursed by another party—e.g., under an insurance contract—, the reimbursement is recognized when, and only when, it is virtually certain that the reimbursement will be received. The reimbursement is treated as a separate asset. In the separate statement of comprehensive income, the expense relating to a provision is presented net of the amount recognized for a reimbursement. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenses expected to be required to settle the obligation. When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as borrowing cost in profit or loss.

(o.2) Provision for closure of quarries (note 15(b))

The Company 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 Company 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 separate 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.

As of December 31, 2022, as a result of the reorganization explained in note 1, the Company has no provision for quarry closure.

(p) Contingent assets and contingent liabilities (note 28.C)

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

(q) Employee benefits (note 22)

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

(r) Revenue recognition (note 18)

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

The Company's revenue corresponds to the sale of goods, which are transferred to customers at a point in time. The Company satisfies such performance obligation upon delivery of goods. The Company concluded that it acts as a principal in sales agreements because it controls the goods or services before those goods or services are transferred to the customer.

Sale of goods

The Company identify the sale of goods as a performance obligation. Revenue is recognized when the Company 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 Company 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).

(s) 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.

(t) Taxes

Current tax (note 28.B)
Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the Tax Authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax (note 16)
Deferred tax assets and liabilities are recognized for all (deductible and taxable) temporary differences—i.e., differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

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

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

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

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

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

As of December 31, 2022 and 2021, the Company did not identify uncertain tax treatments that would result in the recognition of provisions in the separate financial statements, under IFRIC 23.

Mining royalties (note 28.D)
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 Company to the Peruvian government are within the scope of IAS 12.

In 2022, the Company has not made any payments for mining royalties because it no longer has mining concessions.

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

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

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

(u) Earnings per share (note 27)
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, 2022 and 2021, the Company does not have dilutive financial instruments; therefore, the basic and diluted earnings per share are the same.

(v) Operating segments (note 18)
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.

As of December 31, 2022, the Company is a holding company for which it receives income from two types of sources: royalty income and dividend income from business units, representing 100 percent of revenues in 2022.

The category used by the Board of Directors to disaggregate revenue is major product lines: cement, clinker exports and sale of concrete blocks, paving blocks and pavement. The main operating segment is cement, which represents 91.30% of revenue in 2021 and that results from a single production process. The other operating segments do not exceed, individually, 5% of revenue, so they are not considered reportable segments. Therefore, they are not necessary for an understanding of the reported segment information.

3. Significant Accounting Estimates and Assumptions
In preparing these separate financial statements, management has made judgments, estimates and assumptions related to determining the reported amounts of assets and liabilities, exposure of contingent assets and contingent liabilities at the reporting date, and the reported amounts income and expenses for the years ended December 31, 2022 and 2021.

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

- 2022 and 2021 - Estimated useful life and impairment of assets (note 2.B(i) (k) & (n)).
- 2021 - Reserve estimates (note 2.B(m)).

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

4. Standards Issued but Not yet Effective
The following standards are applicable to annual periods beginning on or after January 1, 2023, and have not been applied in preparing these separate financial statements. The Company does not plan to early adopt the applicable standards.

New IFRSs	**Mandatory application**
IFRS 17 *Insurance Contracts*	Annual periods beginning on or after January 1, 2023. This date includes the exemption from applying IFRS 9 for insurers, permitting them to apply IFRS 9 and IFRS 17 at the same time. Early adoption is permitted for entities applying IFRS 9 and IFRS 15 on or before that date.
Amendments to IFRSs	
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Annual periods beginning on or after January 1, 2023. Early adoption is permitted.

Amendments to IFRSs	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely.
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	Annual periods beginning on or after January 1, 2023. Early adoption is permitted.
Definition of Accounting Estimates (Amendments to IAS 8)	Annual periods beginning on or after January 1, 2023.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	Annual periods beginning on or after January 1, 2023.

The Company assessed the effects of such standards, interpretations and amendments, and considers that they will not have a significant effect on the separate financial statements as of the effective date.

5. Foreign Currency Transactions

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

As of December 31, 2022 and 2021, the Company has the following foreign currency transactions:

In thousands of U.S. dollars	**2022**	**2021**
Assets		
Cash and cash equivalents	734	1,347
Trade and other accounts receivable	12,888	17,223
	13,622	**18,570**
Liabilities		
Trade and other accounts payable	(1,061)	(8,675)
Other financial liabilities	-	(137,500)
Hedging instruments	-	(6,360)
	(1,061)	**(152,535)**
Net asset (liability) position	**12,561**	**(133,965)**

The Company manages the exchange rate risk by monitoring and controlling the amounts of the currencies other than functional currency that are exposed to changes in the exchange rates. As of December 31, 2022 and 2021, the Company does not have foreign currency transactions. Any devaluation or revaluation of foreign currency affects the separate statement of profit or loss.

6. Cash and Cash Equivalents

This caption comprises the following:

In thousands of soles	**2022**	**2021**
Petty cash fund	863	895
Checking accounts (a)	3,563	28,093
Time deposits (b)	2,000	25,600
	6,426	**54,588**

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

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

7. Trade and Other Accounts Receivable

This caption comprises the following:

		Current		Non-current	
In thousands of soles	***Note***	**2022**	**2021**	**2022**	**2021**
Trade accounts receivable (f)					
Trade accounts receivable (a)		638	72,292	-	-
Related parties					
Accounts receivable	*26 (b)*	142,535	175,545	25,055	22,808
Others (f)					
Claims to Tax Authorities, net (c)		17,834	7,673	72,088	71,891
Payments on account of income tax (b)	*28.B(f)*	14,092	-	-	-
Third-party claims		3,778	4,206	-	-
Sales tax credit		1,955	7,950	-	-
Loans to employees		832	2,627	-	8,088
Advances to suppliers (d)		209	20,567	-	2,292
Other accounts receivable		3,344	4,022	-	-
		185,217	**294,882**	**97,143**	**105,079**
Less: ECLs (e)		(7,329)	(7,384)	-	-
		177,888	**287,498**	**97,143**	**105,079**

(a) Trade accounts receivable are stated in *soles*, have current maturity, do not accrue interest and do not have specific collaterals.

(b) As of December 31, 2022 and 2021, it corresponds to the credit balance of down payments of income tax and expenses for temporary tax on net assets. In management's opinion, down payments of income tax will be applied against future taxes levied in the current period.

(c) As of December 31, 2022 and 2021, it corresponds to claims to the Tax Authorities mainly related to mining royalties, fines for down payments, claims for cash payments from interest, among others. It is the opinion of management and its legal advisors that there are sufficient legal grounds to determine that it is probable that these assets will be recovered in the short and long term (note 28.C.(a)).

(d) As of December 31, 2021, it corresponds to advance payments made to suppliers for the acquisition of machinery and equipment, as well as the rendering of various services. They are paid in the short and long term.

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

In thousands of soles	***Note***	**2022**	**2021**
Opening balance		7,384	6,775
Provisions	*20 and 23*	10	899
Reversals	*23*	(29)	(288)
Exchange difference		(36)	(2)
Closing balance		**7,329**	**7,384**

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, 2022 and 2021.

(f) As of December 31, 2022 and 2021, the Company assessed the exposure to credit risk of trade accounts receivable (note 29.B).

As of December 31, 2022 and 2021, the aging of trade and other accounts receivable is as follows:

In thousands of soles	**2022**	**2021**
Neither past due nor impaired	250,588	351,285
Less than 30 days	7	20,048
31-90 days	-	9,813
91-180 days	105	934
More than 180 days (g)	24,331	10,497
Impaired	7,329	7,384
	282,360	**399,961**

(g) As of December 31, 2022, the Company has S/ 21,599,000 of accounts receivable from UNACEM Chile mainly for the sale of clinker that is more than 180 days old. The Company's management considers that this account receivable is not impaired since it is its subsidiary.

8. Inventories

This caption comprises the following:

In thousands of soles	**2022**	**2021**
Finished goods	-	17,001
Work-in-progress (a)	-	147,105
Raw materials and auxiliary materials (b)	-	98,449
Packaging	-	24,558
Replacement parts and supplies (c)	-	147,704
	-	**434,817**
Provision for inventory obsolescence (d)	-	(10,529)
	-	**424,288**

(a) As of December 31, 2021, work-in-process includes coal, pozzolana, gypsum, clay, clinker in production and limestone extracted from the Company's quarries.

(b) Raw materials and auxiliary materials mainly include imported and domestic coal.

(c) As of December 31, 2021, it corresponds to replacement parts that will be used by the Company in the short term. The replacement parts that the Company 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' (note 10).

(d) Movement in the provision for inventory obsolescence is as follows:

In thousands of soles	***Note***	**2022**	**2021**
Opening balance		10,529	7,166
Provisions	*19*	-	3,363
Reorganization transfer	*1*	(10,529)	-
Closing balance		**-**	**10,529**

In management's opinion, the provision for inventory obsolescence adequately hedges the obsolescence risk as of December 31, 2021.

9. Investments in Subsidiaries and Others

This caption comprises the following:

In thousands of soles	***Note***	**Economic activity**	**Country of origin (h)**	**Interests (%) Closing balance 2022**	**Interests (%) Closing balance 2021**	**Carrying amount Closing balance 2022**	**Carrying amount Closing balance 2021**
Investments in subsidiaries							
UNACEM Perú S.A.	*1*	Production and sale of cement	Peru	100.00%	-	2,156,486	10
Inversiones Imbabura S.A.		Holding	Peru	99.99%	99.99%	1,516,724	1,516,724
Skanon Investments Inc. (b) & (g)		Production and sale of cement and concrete	United States of America	95.84%	95.80%	1,459,013	1,440,274
Compañía Eléctrica El Platanal S.A.		Power and energy	Peru	90.00%	90.00%	567,829	567,829
UNACEM Chile S.A. (a)		Production and sale of cement	Chile	99.89%	99.89%	122,378	122,378
Inversiones Nacionales y Multinacionales Andinas S.A.	*1*	Real estate services	Peru	99.77%	90.90%	81,845	1,165
Inversiones en Concreto y Afines S.A.		Holding	Peru	93.38%	93.38%	67,036	67,036
ARPL Tecnología Industrial S.A.		Technical support services	Peru	100.00%	100.00%	32,071	32,071
Minera Adelaida S.A.	*1*	Mining of non-ferrous metalliferous minerals	Peru	100.00%	99.99%	30,980	3,627
Digicem S.A. (former Transportadora Lurin S.A.)		IT Services	Peru	99.99%	99.99%	30,130	30,130
Prefabricados Andinos S.A.		Production and sale of modular buildings	Chile	50.00%	50.00%	19,628	19,628
Prefabricados Andinos Perú S.A.C.		Production and sale of modular buildings	Peru	50.00%	50.00%	17,527	17,527
Depósito Aduanero Conchán S.A.		Warehousing services	Peru	99.99%	99.99%	3,913	3,913
Vigilancia Andina S.A.		Surveillance services	Peru	55.50%	55.50%	2,308	2,308
Generación Eléctrica Atocongo S.A.		Power plant operation services	Peru	99.85%	99.85%	125	125
Other investments							
Ferrocarril Central Andino S.A.		Transportation services	Peru	16.49%	16.49%	3,273	3,273
Ferrovías Central Andino S.A.		Transportation services	Peru	15.00%	15.00%	2,762	2,762
Compañía de Inversiones Santa Cruz S.A.		Real estate services	Peru	8.85%	8.85%	180	180
Others		-	-	-	-	273	268
						6,114,481	**3,831,228**
Provision for inventory obsolescence (f)						(40,475)	(38,402)
						6,074,006	**3,792,826**

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

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

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

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

The acquisition amounted to US$ 23,131,000, including the purchase price of US$ 3,000, which was fully paid by the Company, and the debt of UNACEM Chile S.A. for US$ 23,128,000.

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

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

On May 17, 2021, the Company contributed its shares of Staten Island Company LLC to Skanon Investments Inc. for the amount of S/ 52,637,000 (equivalent to US$ 16,031,000). On June 28, 2021, the Company purchased the shares of Skanon Investments Inc. from its subsidiaries Inversiones en Concreto y Afines S.A. for S/ 66,868,000, Digicem S.A. (former Transportes Lurín S.A.) for S/ 34,120,000 and ARPL Tecnología Industrial S.A. for S/ 23,230,000 (equivalent to US$ 24,000,000, US$ 11,944,000 and US$ 6,869,000, respectively). Likewise, capital contributions amount to S/ 43,812,000 (equivalent to US$ 10,738,000).

(c) Movement in this caption was as follows:

In thousands of soles	*Note*	2022	2021
Opening balance		3,792,826	3,549,921
Transfer of block of assets	1	2,264,380	-
Contributed capital (a) and (b)		18,873	75,188
Capitalization of debt		-	91,992
Acquisition of shares		-	124,218
Capital reduction (d)		-	(38,414)
Sale of shares		-	(403)
Impairment of investments	23	(2,073)	(9,676)
Closing balance		**6,074,006**	**3,792,826**

(d) In 2021, Digicem S.A. and Ferrocarril Central Andino S.A. reduced their share capital by transferring cash to the Company for S/ 34,120,000 and S/ 4,294,000, respectively.

(e) In 2022 and 2021, the Company received dividends from its subsidiaries for S/ 356,241,000 and S/ 101,164,000, respectively (note 26 (a)). Also, during the years 2022 and 2021, the Company has collected approximately S/ 381,275,000 and S/ 168,445,000, respectively.

(f) As of December 31, 2022 and 2021, bank loans are as follows:

In thousands of soles	2022	2021
Digicem S.A.	29,097	29,097
Depósito Aduanero Conchán S.A.	3,459	3,459
Minera Adelaida S.A.	3,210	3,210
Prefabricados Andinos S.A.	3,207	1,134
Prefabricados Andinos Perú S.A.C.	1,502	1,502
Closing balance	**40,475**	**38,402**

(g) In 2022 and 2021, the Company performed an impairment test for this investment using cash flow projections derived from the financial budgets approved by management, and the applicable discount rate.

The key assumptions used in testing this investment for impairment are the following:

%	**Discount rate**	**Growth rate Long-term portion**	**EBITDA margin Long-term portion**
2022	4.97%	5%	21%
2021	7.33%	6%	25%

As of December 31, 2022 and 2021, management compared the carrying amount of this investment with the recoverable amount and determined that it is not necessary to measure a loss allowance.

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

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

(i) The following is a summary of the main financial data as of December 31, 2022 and 2021 of the consolidated or separate financial statements of the main subsidiaries:

	Assets		Liabilities		Net equity		Sales		Profit (loss)	
In thousands of soles	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
UNACEM Perú S.A.	4,721,849	10	2,370,281	-	2,351,568	10	2,834,826	-	421,455	-
Inversiones Imbabura S.A. and Subsidiaries (i)	2,111,268	2,176,107	479,659	487,172	1,631,609	1,688,935	685,011	649,607	60,123	114,132
Skanon Investments Inc. and Subsidiaries (k)	1,914,037	1,878,389	831,985	754,667	1,082,052	1,123,722	973,846	704,152	66,517	26,834
Compañía Eléctrica el Platanal S.A. and Subsidiaries (l)	1,202,940	1,206,068	378,617	419,554	824,323	786,514	427,750	326,934	57,938	41,912
Inversiones en Concreto y Afines S.A. and Subsidiaries (m)	1,001,972	930,363	583,918	520,459	418,054	409,904	1,428,589	1,271,753	14,508	52,001
UNACEM Chile S.A. and Subsidiaries (n)	305,998	256,578	206,526	133,171	99,472	123,407	167,845	86,864	(16,985)	(9,976)
Inversiones Nacionales y Multinacionales Andinas S.A. - INMA	120,730	18,268	27,496	4,936	93,234	13,332	1,889	252	(778)	23
Prefabricados Andinos S.A. - PREANSA Chile	109,860	98,197	96,595	84,864	13,265	13,333	63,747	63,097	1,742	6,667
Prefabricados Andinos Perú S.A.C. and Subsidiary (o)	55,592	65,487	50,679	53,397	4,913	12,090	36,692	30,951	(3,248)	(4,812)
ARPL Tecnología Industrial S.A.	61,189	54,260	11,420	7,611	49,769	46,649	54,927	42,561	14,116	11,683
Generación Eléctrica de Atocongo S.A. – GEA	26,746	36,762	25,347	35,933	1,399	829	3,420	3,060	570	(745)
Minera Adelaida S.A.	28,581	359	1,753	3	26,828	356	-	-	(882)	(204)

(j) The subsidiaries of Inversiones Imbabura S.A. are UNACEM Ecuador S.A. (UNACEM Ecuador), Canteras y Voladuras S.A.(CANTYVOL) and UNICON Ucue Cía. Ltda. (UNICON Ecuador).

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

(l) The subsidiaries of Compañía Eléctrica El Platanal S.A. are Ambiental Andina S.A., Celepsa Renovables S.R.L. and Ecorer S.A.C.

(m) The subsidiary of Inversiones en Concreto y Afines S.A. is Unión de Concreteras S.A., which controls the subsidiaries Concremax S.A., Entrepisos Lima S.A. and UNICON Chile S.A.; the latter in turn has as a subsidiary Constructora de Obras Civiles y Viales Limitada.

(n) The subsidiary of UNACEM Chile S.A. is: Inversiones Mel 20 Ltda.

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

10. 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**	**Work-in-progress (e)**	**Total**
Costs												
As of January 01, 2021		99,388	673,438	24,581	1,162,123	113,319	3,381,262	35,076	18,306	76,352	247,087	5,830,932
Additions (b)		1,280	399	-	35	-	2,862	133	-	268	136,996	141,973
Transfers (b)		-	1,299	-	52,167	3,584	141,334	-	4	762	(199,150)	-
Reclassification of replacement parts		-	-	-	-	-	(6,899)	-	-	-	-	(6,899)
Disposals and sales		-	-	(650)	-	-	-	(326)	-	-	-	(976)
Closure of quarries		-	-	(4,905)	-	-	-	-	-	-	-	(4,905)
As of December 31, 2021		**100,668**	**675,136**	**19,026**	**1,214,325**	**116,903**	**3,518,559**	**34,883**	**18,310**	**77,382**	**184,933**	**5,960,125**
Reorganization transfer	*1*	(100,668)	(675,136)	(19,026)	(1,214,325)	(116,903)	(3,518,559)	(34,430)	(18,310)	(77,372)	(184,899)	(5,959,628)
Transfers (b)		-	-	-	-	-	-	-	-	34	(34)	-
As of December 31, 2022		**-**	**-**	**-**	**-**	**-**	**-**	**453**	**-**	**44**	**-**	**497**
Accumulated depreciation												
As of January 01, 2021		19,599	-	8,171	360,297	71,502	1,382,760	24,623	17,216	59,264	-	1,943,432
Depreciation (c)		125	-	2,929	47,416	6,079	165,315	2,491	275	3,455	-	228,085
Disposals and sales		-	-	(21)	-	-	-	(272)	-	-	-	(293)
As of December 31, 2021		**19,724**	**-**	**11,079**	**407,713**	**77,581**	**1,548,075**	**26,842**	**17,491**	**62,719**	**-**	**2,171,224**
Reorganization transfer	*1*	(19,724)	-	(11,079)	(407,713)	(77,581)	(1,548,075)	(26,481)	(17,491)	(62,716)	-	(2,170,860)
Depreciation (c)		-	-	-	-	-	-	60	-	11	-	71
As of December 31, 2022		**-**	**-**	**-**	**-**	**-**	**-**	**421**	**-**	**14**	**-**	**435**
Net carrying amount												
As of December 31, 2022		**-**	**-**	**-**	**-**	**-**	**-**	**32**	**-**	**30**	**-**	**62**
As of December 31, 2021		**80,944**	**675,136**	**7,947**	**806,612**	**39,322**	**1,970,484**	**8,041**	**819**	**14,663**	**184,933**	**3,788,901**

(a) As of December 31, 2021, it corresponds to the concessions of the Atocongo, Atocongo Norte, Pucará and Oyón and El Silencio 8 quarries.

(b) In 2021, additions correspond to expenses for the projects of cooler dedusting system, control system migration and modernization of the Cenit-Pillard system in kiln 2, as well as modernization of the Carpapata I and II substations, and refurbishing of kiln 1 in the Condorcocha plant. Likewise, expenses for the projects of mill shell replacement, structural reinforcement and modification of chamber 1 of the multi silo, improvement in the system of rotary kiln 1 in the Atocongo plant for S/ 74,415,000.

In 2021, the Company completed the projects related to the structural reinforcement and internal modification of chamber 3 of the silo, improvements to the church, hospital and school, major maintenance of clinker tower 1, replacement of Flender gear units in the Atocongo plant, as well as cooler dedusting and major maintenance to kiln 2 in the Condorcocha plant for S/ 141,483,000. Such projects were transferred from 'work-in-progress' to 'mining concessions and property, plant and equipment.'

(c) In 2022 and 2021, depreciation charge was allocated as follows:

In thousands of soles	***Note***	**2022**	**2021**
Cost of sales	*19*	-	215,146
Administrative expenses	*20*	71	7,208
Other expenses	*23*	-	4,530
Goods in transit		-	1,201
		71	**228,085**

(d) In 2021, interest was capitalized for S/ 4,348,000. 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, 2021, the rate used to determine the amount of borrowing costs eligible for capitalization was 4.1%. No interest was capitalized in 2022.

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

In thousands of soles	**2022**	**2021**
Buildings and constructions	-	45,219
Machinery and equipment	-	139,714
	-	**184,933**

(f) In management's opinion, there are no events that could have an effect on the revenue forecast in the remaining useful life of fixed assets. As of December 31, 2021, there is no indication that an asset may be impaired. Therefore, the Company is not required to measure a loss allowance.

(g) The Company 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.

(h) As of December 31, 2022 and 2021, the Company does not have contractual commitments for the acquisition of property, plant, and equipment, onerous contracts with suppliers, or restrictions on transfer or other restrictions that exist during the vesting period.

11. Stripping Activity Assets

This caption comprises the following:

In thousands of soles	***Note***	**2022**	**2021**
Costs			
Opening balance		164,912	164,912
Reorganization transfer	*1*	(164,912)	-
Closing balance		**-**	**164,912**
Accumulated depreciation			
Opening balance		(62,384)	(55,240)
Additions	*19*	-	(7,144)
Reorganization transfer	*1*	62,384	-
Closing balance		**-**	**(62,384)**
Net carrying amount			
Closing balance		**-**	**102,528**

As of December 31, 2021, the Company has three identifiable components (quarries): Atocongo, Atocongo Norte and Pucará. These quarries have a specific volume of limestone and waste.

12. Intangible Assets

This caption comprises the following:

In thousands of soles	*Note*	Concession for the generation of electrical energy (a)	Loan Goodwill (b)	Computer software	Environmental protection program	Exploration expenses	Others	Total
Costs								
As of January 01, 2021		62,600	9,745	20,976	17,071	1,020	16,977	128,389
Additions		-	-	86	-	129	2,826	3,041
As of December 31, 2021		**62,600**	**9,745**	**21,062**	**17,071**	**1,149**	**19,803**	**131,430**
Reorganization transfer	*1*	-	(9,745)	(954)	(17,071)	(1,149)	(18,334)	(47,253)
Additions		-	-	-	-	-	1,074	1,074
As of December 31, 2022		**62,600**	**-**	**20,108**	**-**	**-**	**2,543**	**85,251**
Accumulated amortization								
As of January 01, 2021		41,507	-	16,478	17,071	1,020	12,306	88,382
Amortization (c)		1,484	-	797	-	129	4,097	6,507
As of December 31, 2021		**42,991**	**-**	**17,275**	**17,071**	**1,149**	**16,403**	**94,889**
Reorganization transfer	*1*	-	-	(439)	(17,071)	(1,149)	(15,603)	(34,262)
Amortization (c)		1,873	-	737	-	-	1,075	3,685
As of December 31, 2022		**44,864**	**-**	**17,573**	**-**	**-**	**1,875**	**64,312**
Net carrying amount								
As of December 31, 2022		**17,736**	**-**	**2,535**	**-**	**-**	**668**	**20,939**
As of December 31, 2021		**19,609**	**9,745**	**3,787**	**-**	**-**	**3,400**	**36,541**

(a) It corresponds to expenses to execute the project "El Platanal hydroelectric station" related to the construction of two hydroelectric stations and an irrigation system for undeveloped land, as well as to obtain the definitive concession for the generation of electrical energy, which was obtained by the Company through Supreme Resolution 130-2001-EM, dated July 25, 2001. Supreme Resolution 036-2003-EM, dated October 2, 2003, approved the division of the definitive concession for the generation of electrical energy into two separate concessions: G-1 El Platanal hydroelectric station that has a capacity of 220 megawatts and G-2 Morro de Arica hydroelectric station that has a capacity of 50 megawatts. Supreme Resolution 053-2006-EM, dated September 12, 2006, approved the transfer of the project "El Platanal hydroelectric station" to Compañía Eléctrica El Platanal S.A. (CELEPSA) for a 25-year term from March 30, 2011. Accordingly, the Company receives royalty payments as consideration calculated based on the 3.55% of the monthly net profit obtained by CELEPSA from the sale of energy and power to third parties. As of December 31, 2022 and 2021, 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) In 2003, the purchase of all the shares of Lar Carbón S.A. became effective. The purchase was recognized using the acquisition method. Accordingly, the Company made adjustments to the separate financial statements to reflect the assets and liabilities measured at acquisition-date fair value. Such a transaction gave rise to goodwill for S/ 9,745,000. On January 1, 2022 it was transferred to UNACEM Perú S.A. as part of the reorganization, note 1.

(c) In 2022 and 2021, amortization charge was allocated as follows:

In thousands of soles	**Note**	**2022**	**2021**
Administrative expenses	*20*	3,685	710
Selling expenses	*21*	-	2,993
Other expenses	*23*	-	2,804
		3,685	**6,507**

13. Trade and Other Accounts Payable

This caption comprises the following:

In thousands of soles	**Note**	**2022**	**2021**
Dividends payable	*31*	15,338	81,429
Interest payable	*14(f)*	9,953	18,205
Accounts payable to related parties	*26(b)*	8,834	75,856
Compensation and holidays payable		6,910	12,810
Trade accounts payable (a)		4,583	148,057
Key management personnel compensation payable		2,381	3,301
Contingencies payable		736	2,495
Social security contributions payable		391	3,084
Interest on financial instruments payable		-	2,474
Income tax payable	*28.B(f)*	-	71,663
Other accounts payable		1,313	7,753
		50,439	**427,127**
Term			
Current portion		48,852	427,127
Non-current portion		1,587	-
		50,439	**427,127**

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

14. Other Financial Liabilities

(a) As of December 31, 2022 and 2021, it corresponds to the following:

	2022			2021		
In thousands of soles	**Current portion**	**Non-current portion**	**Total**	**Current portion**	**Non-current portion**	**Total**
Promissory notes (b)	-	-	-	170,000	-	170,000
Bonds (c)	-	18,815	18,815	-	18,815	18,815
Bank loans (d)	140,057	931,232	1,071,289	213,635	2,261,457	2,475,092
	140,057	**950,047**	**1,090,104**	**383,635**	**2,280,272**	**2,663,907**

(b) As of December 31, 2021, the bank promissory note corresponds to a working capital financing obtained from Banco de Crédito del Perú and has no specific guarantees. On January 1, 2022 they were transferred to UNACEM Perú S.A. as part of the equity block (note 1).

As of December 31, 2022 and 2021, interest expense for promissory notes amounted to S/ 1,226,000 and S/ 1,266,000, respectively. It is recognized in 'borrowing costs' in the separate statement of profit or loss (note 25).

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

In thousands of soles	**Effective annual interest rate**	**Maturity date**	**2022**	**2021**
Corporate bonds				
2nd issuance – Second program	5.16%	March 2023	18,815	18,815
			18,815	**18,815**

(d) As of December 31, 2022 and 2021, bank loans are as follows:

In thousands of soles	Maturity date	Original amount	Currency	Use of funds	As of December 31, 2022	As of December 31, 2021
Bank loans (e) and (g)						
Banco de Crédito del Perú S.A.	October 2026	502,500	PEN	Redemption – overseas	396,600	502,500
Scotiabank Perú S.A.A.	January 2027	671,547	PEN	Debt refinancing	307,416	671,547
BBVA Banco Continental S.A.	December 2026	533,357	PEN	Debt refinancing	274,890	533,357
Banco Internacional del Perú S.A.A.	December 2026	228,385	PEN	Debt refinancing	96,417	228,385
Banco Citibank S.A. (d.1)	-	50,000	US$	Debt refinancing	-	199,900
Banco Santander S.A. (d.1)	-	45,000	US$	Debt refinancing	-	179,910
Bank of Nova Scotia S.A. (d.1)	-	30,000	US$	Partial redemption	-	89,955
Banco de Crédito del Perú S.A.	-	20,000	US$	Debt refinancing	-	79,960
					1,075,323	**2,485,514**
Amortized cost					(4,034)	(10,422)
Total					**1,071,289**	**2,475,092**

(d.1) As of December 31, 2021, the Company signed swap contracts to reduce the variable rate risk related to these loans, which were transferred to UNACEM Perú S.A. as part of the reorganization indicated in note 1; additionally note 29.

Also, on January 1, 2022, the Company transferred as part of the equity block, bank loans totaling S/ 1,560,978,000 to its subsidiary UNACEM Perú S.A. On the other hand, as part of the agreements related to the reorganization indicated in note 1; the Company has granted its guarantee for the bank loans transferred to UNACEM Perú S.A.A. up to a limit of S/ 1,015,430 as of December 31, 2022.

(e) The financial safeguards applicable to local financial liabilities are monitored quarterly and calculated based on quarterly financial information: (i) combined of the Company and its subsidiary UNACEM Perú S.A. (as if the reorganization had not been carried out) and (ii) consolidated of the Company; considering the calculation methodologies required by each financial institution.

In management's opinion, the Company complied with the covenants as of December 31, 2022 and 2021.

(f) As of December 31, 2022 and 2021, interest payable on medium and long-term bonds and debts amounted to S/ 9,953,000 and S/ 18,205,000, respectively. It is recognized in 'trade and other accounts receivable' in the separate statement of financial position (note 13).

As of December 31, 2022 and 2021, interest expense for medium and long-term bonds and debts amounted to S/ 50,007,000 and S/ 115,215,000, respectively. It is recognized in 'borrowing costs' in the separate statement of profit or loss (note 25).

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

As of December 31, 2021, the Company had bank loans in local currency (*soles)* at effective annual rates ranging from 4.10% to 4.92%. Bank loans in foreign currency (U.S. dollars) are at a variable interest rate (3-month LIBOR plus a margin) ranging from 1.75% to 2.60% and a fixed interest rate of 3.40%.

15. Provisions

This caption comprises the following:

	Current		**Non-current**	
In thousands of soles	**2022**	**2021**	**2022**	**2021**
Employees' profit sharing (a)	364	35,140	-	-
Provision for closure of quarries (b)	-	4,351	-	25,405
Severance payment	186	1,867	-	-
	550	**41,358**	**-**	**25,405**

(a) Employees' profit sharing
Movement in the employees' profit sharing is as follows:

In thousands of soles	***Note***	**2022**	**2021**
Opening balance		35,140	19,025
Employees' profit sharing	*22*	4,117	57,878
Payments and advances		(38,893)	(41,763)
Closing balance		**364**	**35,140**

As of December 31, 2021, according to Peruvian law, employee profit sharing is 10% of annual taxable income. 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. Employees on the payroll of companies that generate third category income and have more than 20 employees are entitled to participate in the profits.

As of December 31, 2022, the profit sharing legislation does not apply to the Company because it has less than 20 employees (note 22(a)).

(b) Provision for closure of quarries.
As of December 31, 2021, the Company has a provision for closure of quarries. The provision was measured on the basis of assessments performed by internal specialists using a discount rate. 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. The timing of closure is likely to depend on when the mine ceases to produce at economically viable rates. As of December 31, 2021, the Company has seven approved mine closure plans.

As of December 31, 2021, the present value of the provision for closure of quarries amounts to S/ 48,737,000. As of December 31, 2021, the risk-adjusted discount rate used in measuring the provision ranges from 1.68% to 3.86%, resulting in a liability for S/ 29,756,000. In management's opinion, this liability is sufficient to meet the applicable environmental laws approved by the Ministry of Energy and Mines (MINEM).

Movement in the provision for quarry closure is as follows:

In thousands of soles	***Note***	**2022**	**2021**
Opening balance		29,756	32,811
Remeasurement of present value of cash flows		-	(3,055)
Reorganization transfer	*1*	(29,756)	-
Closing balance		**-**	**29,756**

16. Deferred Tax Assets and Liabilities

This caption comprises the following:

In thousands of soles	As of January 1, 2021	Debit (credit) to separate statement of profit or loss	Debit (credit) to separate statement of comprehensive income	As of December 31, 2021	Debit (credit) to separate statement of profit or loss	Reorganization transfer (note 1)	As of December 31, 2022
Deferred assets							
Hedging instruments	12,783	-	(5,282)	7,501	-	(7,501)	-
Provision for inventory obsolescence	12,493	992	-	13,485	-	(13,485)	-
Provision for holidays	3,670	(3,670)	-	-	228	-	228
Provision for closure of quarries	4,246	1,258	-	5,504	-	(5,504)	-
Fair value of dividends receivable with changes in other comprehensive income	1,161	-	(1,161)	-	-	-	-
Difference in tax basis of amortization of intangible assets	1,077	286	-	1,363	493	195	2,051
Loss allowance for investments	-	2,854	-	2,854	612	1,226	4,692
Gains on sale of shares	-	1,863	-	1,863	-	-	1,863
Other provisions	2,446	(950)	-	1,496	1,319	851	3,666
	37,876	**2,633**	**(6,443)**	**34,066**	**2,652**	**(24,218)**	**12,500**
Deferred tax liabilities							
Difference in tax base and depreciation of fixed assets	(386,959)	12,525	-	(374,434)	-	374,434	-
Stripping activity assets	(32,568)	1,986	-	(30,582)	-	30,582	-
Capitalized interest	(30,310)	814	-	(29,496)	-	29,496	-
Deferred commissions of financial obligations	(1,733)	(1,222)	-	(2,955)	302	1,463	(1,190)
Increase in purchase price of shares	-	(5,296)	-	(5,296)	5,296	-	-
Pre-operating expenses	(6,126)	12,974	-	6,848	-	(6,848)	-
	(457,696)	**21,781**	**-**	**(435,915)**	**5,598**	**429,127**	**(1,190)**
Deferred tax (liabilities) assets, net	**(419,820)**	**24,414**	**(6,443)**	**(401,849)**	**8,250**	**404,909**	**11,310**

(a) In 2022 and 2021, tax expense presented in the separate statement of profit or loss is as follows:

In thousands of soles	**Note**	**2022**	**2021**
Current		(26,226)	(163,012)
Deferred		8,250	24,414
Mining royalties	*28.D*	-	(4,116)
		(17,976)	**(142,714)**

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

In thousands of soles	**2022**		**2021**	
Profit before tax	**430,418**	**100.00%**	**538,245**	**100.00%**
Income tax according to tax rate	126,973	29.50%	158,782	29.50%
Tax effects of permanent accounts	(115,420)	(26.82%)	(20,184)	(3.75%)
Others	6,423	1.49%	4,116	0.76%
Income tax expense	**17,976**	**4.18%**	**142,714**	**26.51%**

(*) For the period ended December 31, 2022, corresponds mainly to exempt dividend income amounting to approximately S/ 105,091,000 (taxable income S/ 356,241,000 (note 18). As of December 31, 2021, corresponds mainly to dividend exempt income amounting to approximately S/ 29,843,000 (taxable income S/ 101,164,000 (note 23), net of other tax additions of S/ 9,659,000.

17. Net Equity

A. Issued Capital

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

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

(*) On September 27, 2022, the Company informed the Superintendencia de Mercado de Valores (SMV) the merger by absorption of Inversiones JRPR S.A. (absorbing company) and Catli Invesments S.A.C. (absorbed company). (absorbed), such merger became effective on the same date. With this merger, the direct participation of Inversiones JRPR S.A. in the ownership of the Company increased from 25.12% to 26.59%. It is worth mentioning that this merger does not imply any change in the control or indirect ownership of Inversiones JRPR S.A. in the Company.

As of December 31, 2021		
Shareholder	**Number of shares**	**Interests (%)**
Inversiones JRPR S.A.	456,669,897	25.12
Nuevas Inversiones S.A.	459,129,497	25.25
Pension Fund Administrators	476,657,910	26.22
Others	425,670,307	23.41
	1,818,127,611	**100.00**

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

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 share purchase program 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 shares are held in the portfolio for a maximum period of two years. Where they are held in the portfolio, rights inherent to the shares are suspended. The term may be extended and/or modified by the Company's Board of Directors.

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

D. Legal reserve
According to the Companies Act, the Company shall allocate not less than 10% of its profits distributed in each period, less income tax. This allocation is required until such reserve equals 20% of capital. The legal reserve may be used to offset losses or may be capitalized, but it shall be refunded in both cases. As of December 31, 2022 and 2021, the legal reserve equals 20% of capital.

E. Unrealized gains and losses
It corresponds to changes in the fair value of hedging instruments and the reserve on financial assets measured at fair value, net of tax effects.

F. Dividend distribution
This caption comprises the following:

2022 dividends

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

2021 dividends

Date of Board of Directors' Meeting	Dividends declared PEN (000)	Date of payment	Dividends per ordinary share
February 24, 2021	23,636	March 30, 2021	0.013
April 23, 2021	23,636	May 26, 2021	0.013
June 21, 2021	36,362	July 23, 2021	0.020
October 27, 2021	36,362	November 30, 2021	0.020
December 14, 2021 (*)	72,449	January 18, 2022	0.040
	192,445		

(*) It was approved at the General Shareholders' Meeting of UNACEM Corp S.A.A., held December 14, 2021.

As of December 31, 2021 and 2021, dividends payable amount to S/ 15,338,000 and S/ 81,429,000, respectively (note 13).

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.'

18. Revenue

This caption comprises the following:

In thousands of soles	***Note***	**2022**	**2021**
Dividend income (c)	*26(a)*	356,241	-
Royalty revenue (c)	*26(a)*	178,371	-
Sale of cement		-	2,217,332
Clinker export (a)		-	112,520
Sale of concrete blocks, paving blocks and pavement concrete (b)		-	99,335
		534,612	**2,429,187**
Timing of transfer of goods or services			
Goods transferred at a point in time		534,612	-
Goods transferred at a point in time		-	2,429,187
		534,612	**2,429,187**

(a) It corresponds to export of work-in-process products to customers located in South and Central America.

(b) It corresponds to sales made to Unión de Concreteras S.A. and Concremax S.A. (note 26(a)).

(c) Dividend and royalty income for the year 2021 amount to S/ 101,164,000 and S/ 31,899,000, respectively, and are presented in other income (note 23).

19. Cost of Sales

This caption comprises the following:

In thousands of soles	***Note***	**2022**	**2021**
Beginning inventory of finished goods and work-in-progress	*8*	164,106	129,351
Production costs			
Fuel		-	372,516
Depreciation	*10(c)*	-	215,146
Personnel expenses	*22(a)*	-	162,671
Use of raw materials		-	155,313
Maintenance of property, plant and equipment		-	131,509
Electric power		-	136,312
Transportation of raw materials		-	78,237
Containers		-	90,670
Depreciation of stripping activity assets	*11*	-	7,144
Other production costs		-	247,049
Reorganization transfer		(164,106)	-
Ending inventory of finished goods and work-in-progress	*8*	-	(164,106)
		-	**1,561,812**
Provision for inventory obsolescence	*8(d)*	-	3,363
		-	**1,565,175**

20. Administrative Expenses

This caption comprises the following:

In thousands of soles	**Note**	**2022**	**2021**
Personnel expenses	*22(a)*	27,458	85,302
Third-party services		23,862	43,437
Amortization of intangible assets	*12(c)*	3,685	710
Taxes		1,952	12,021
Depreciation	*10(c)*	71	7,208
Donations		10	21,581
Expected credit losses	*7(e)*	10	139
Others		431	5,758
		57,479	**176,156**

21. Selling Expenses

This caption comprises the following:

In thousands of soles	**Note**	**2022**	**2021**
Advertising costs (a)		-	41,811
Personnel expenses	*22(a)*	-	8,815
Amortization of intangible assets	*12(c)*	-	2,993
Costs to export clinker		-	5,817
Others		-	6,180
		-	**65,616**

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

22. Personnel Expenses

This caption comprises the following:

In thousands of soles	**Note**	**2022**	**2021**
Compensation		13,550	124,785
Fees and expense allowance for Board of Directors		4,389	5,980
Employees' profit sharing	*15(a)*	4,117	57,878
Legal bonuses		1,397	16,252
Holidays		1,311	13,901
Severance payment		879	11,365
Social security contributions		849	13,180
Health care		241	10,760
Others		725	2,794
		27,458	**256,895**

(a) Personnel expenses are allocated as follows:

In thousands of soles	**Note**	**2022**	**2021**
Cost of sales	*19*	-	162,671
Administrative expenses	*20*	27,458	85,302
Selling expenses	*21*	-	8,815
Other expenses	*23*	-	107
		27,458	**256,895**

In 2022, the average number of employees was 17 (2021: 802).

23. Other Income and Expenses

This caption comprises the following:

In thousands of soles	**Note**	**2022**	**2021**
Other income			
Reversal of provision due to SUNAT claims		5,606	-
Recovery of interest due to SUNAT claims	*28.C(a)*	3,238	-
Reversal of an impairment loss on trade accounts receivable	*7(e)*	29	288
Dividend revenue	*26(a)*	-	101,164
Royalty revenue	*26(a)*	-	31,899
Service revenue		-	12,672
Revenue from sale of materials		-	8,416
Rental income from related and third parties	*26(a)*	-	4,897
Expected credit losses	*7(e)*	-	760
Other income		4,507	4,098
		13,380	**164,194**
Other expenses			
Impairment of investments	*9(c)*	2,073	9,676
Amortization of intangible assets	*12(c)*	-	2,804
Cost of goods and supplies		-	8,561
Service cost		-	7,207
Personnel expenses	*22(a)*	-	107
Depreciation	*10(c)*	-	4,530
Other expenses		3,982	10,818
		6,055	**43,703**
		7,325	**120,491**

24. Finance Income

This caption comprises the following:

In thousands of soles	**Note**	**2022**	**2021**
Interest on related-party loans	*26(a)*	1,945	2,196
Interest on deposits		206	850
Others		7	9
		2,158	**3,055**

25. Borrowing Costs

This caption comprises the following:

In thousands of soles	**Note**	**2022**	**2021**
Interest on long-term bonds and debts	*14(f)*	50,007	115,215
Interest on bank loans and promissory notes	*14(b)*	1,226	1,266
Interest on related-party loans	*26(a)*	1,241	-
Structuring fee for other financial liabilities		1,026	9,856
Interest on hedging instruments	*29.A*	-	15,839
Interest on tax claims		-	9,668
Loss on remeasurement of fair value of the closure of quarries		-	1,862
Prepayment penalty on loans		-	3,938
Others		415	1,627
		53,915	**159,271**

26. Related Party Transactions

(a) The related party transactions are as follows:

In thousands of soles	***Note***	**2022**	**2021**
Revenue			
Dividend income	*18 and 23*		
UNACEM Perú S.A.		240,109	-
Inversiones Imbabura S.A.		84,945	17,272
Compañía Eléctrica El Platanal S.A.		17,527	-
ARPL Tecnología Industrial S.A.		10,554	6,727
Inversiones en Concreto y Afines S.A.		3,106	56,287
Ferrocarril Central Andino S.A.		-	20,878
Royalty revenue	*18 and 23*		
UNACEM Perú S.A.		119,467	-
UNACEM Ecuador S.A.		26,267	25,432
Unión de Concreteras S.A.		14,366	-
Compañía Eléctrica El Platanal S.A.		6,991	6,467
UNICON Chile S.A.		4,420	-
UNACEM Chile S.A.		4,131	-
Concremax S.A.		2,729	-
Revenue from sale of cement			
La Viga S.A.		-	474,850
Unión de Concreteras S.A.		-	147,871
Concremax S.A.		-	40,605
Prefabricados Andinos Perú S.A.C.		-	578
Asociación UNACEM		-	140
Revenue from sale of concrete blocks, paving blocks and pavement			
Unión de Concreteras S.A.		-	94,427
Concremax S.A.		-	2,997
Revenue from sale of clinker			
UNACEM Chile S.A.		22,671	21,488
UNICON Chile S.A.		-	16,043
Drake Cement L.L.C.		-	1,904
Revenue from support and management services			
UNACEM Ecuador S.A.		-	7,493
Drake Cement L.L.C.		-	1,160
Prefabricados Andinos Perú S.A.C.		-	492
Others		-	2,461
Rental income – property, plant and equipment			
Unión de Concreteras S.A.		-	2,046
Compañía Eléctrica El Platanal S.A.		-	601
ARPL Tecnología Industrial S.A.		-	305
Depósito Aduanero Conchán S.A.		-	307
Prefabricados Andinos Perú S.A.C.		-	187
Others		-	316

In thousands of soles	***Note***	**2022**	**2021**
Interest income from loans granted to related parties	*24*		
Prefabricados Andinos Perú S.A.C.		1,527	1,172
Inversiones Nacionales y Multinacionales Andinas S.A.		282	-
Digicem S.A.		78	-
UNACEM Perú S.A.		28	-
Inversiones Imbabura S.A.		18	25
Generación Eléctrica de Atocongo S.A.		12	-
UNACEM Chile S.A.		-	988
Inversiones en Concreto y Afines S.A.		-	11
Other income and refunds			
UNACEM Perú S.A.		50,670	-
Others		99	172
Acquisitions and expenses			
Acquisition of shares			
Inversiones en Concreto y Afines S.A.		-	66,868
Digicem S.A.		-	34,120
ARPL Tecnología Industrial S.A.		-	23,230
Power purchase			
Compañía Eléctrica El Platanal S.A.		-	127,303
Packaging services			
Unión de Concreteras S.A.		-	49,664
Concremax S.A.		-	1,796
Fees and import duties for sale of cement			
La Viga S.A.		-	29,793
Surveillance services			
Vigilancia Andina S.A.		561	23,519
Technical support services			
ARPL Tecnología Industrial S.A.		-	22,491
Purchase of auxiliary materials			
Unión de Concreteras S.A.		-	4,797
Engineering and project management services			
ARPL Tecnología Industrial S.A.		-	12,938
Warehouse management services			
Depósito Aduanero Conchán S.A.		-	3,133
Refund of expenses			
Unión de Concreteras S.A.		-	5,574
ARPL Tecnología Industrial S.A.		-	1,025
Interest expense on loans received from related parties	*25*		
UNACEM Perú S.A.		1,241	-
Others			
UNACEM Ecuador S.A.		2,017	-
UNACEM Perú S.A.		515	-
UNACEM Chile S.A.		379	726
Inversiones Nacionales y Multinacionales Andinas S.A.		324	122
Compañía Eléctrica El Platanal S.A.		45	-
Drake Cement L.L.C.		33	154
Generación Eléctrica de Atocongo S.A.		-	3,159
Prefabricados Andinos Perú S.A.C.		-	1,789
Unión de Concreteras S.A.		-	460
UNICON Chile S.A.		-	140
Compañía de Inversiones Santa Cruz S.A.		-	19

(b) As of December 31, 2022 and 2021, the Company has the following related party balances:

In thousands of soles	*Note*	2022	2021
Accounts receivable			
UNACEM Chile S.A.		21,597	19,452
UNACEM Perú S.A.		3,496	-
Prefabricados Andinos Perú S.A.C.		2,416	3,790
Drake Cement L.L.C.		437	456
Unión de Concreteras S.A.		23	28,213
Concremax S.A.		-	748
La Viga S.A.		-	30,252
UNICON Chile S.A.		-	3,612
UNACEM Ecuador S.A.		-	2,569
Compañía Eléctrica El Platanal S.A.		-	332
Others		295	229
		28,264	**89,653**
Dividends receivable			
UNACEM Perú S.A.		41,354	-
Inversiones Imbabura S.A.		8,119	5,653
Compañía Eléctrica El Platanal S.A.		-	37,771
Inversiones en Concreto y Afines S.A.		-	30,724
		49,473	**74,148**
Royalties receivable (c)			
UNACEM Perú S.A.		31,042	-
UNACEM Ecuador S.A.		5,103	5,005
Unión de Concreteras S.A.		3,914	-
Compañía Eléctrica El Platanal S.A.		1,388	6,467
UNACEM Chile S.A.		1,170	-
UNICON Chile S.A.		1,048	-
Concremax S.A.		735	-
		44,400	**11,472**
Loans receivable (d)			
Prefabricados Andinos Perú S.A.C.		25,055	22,808
Digicem S.A.		10,486	-
Inversiones Nacionales y Multinacionales Andinas S.A.		9,692	-
Generación Eléctrica de Atocongo S.A.		220	
Inversiones en Concreto y Afines S.A.		-	272
		45,453	**23,080**
Total accounts receivable	*7*	**167,590**	**198,353**
Term			
Current portion		142,535	175,545
Non-current portion		25,055	22,808
		167,590	**198,353**
Accounts payable			
Inversiones en Concreto y Afines S.A.		6,448	7,298
UNACEM Ecuador S.A.		2,001	-
UNACEM Perú S.A.		135	-
Prefabricados Andinos Perú S.A.C.		89	1,378
Vigilancia Andina S.A.		62	2,052
Drake Cement L.L.C.		53	22
Compañía Eléctrica El Platanal S.A.		8	11,299
Unión de Concreteras S.A.		-	31,364
ARPL Tecnología Industrial S.A.		-	10,080
Concremax S.A.		-	8,226
La Viga S.A.		-	3,415
Digicem S.A.		-	623
Others		38	99
Total accounts payable	*13*	**8,834**	**75,856**

(c) Royalties receivable are from its main subsidiaries and range from 1.5 percent to 4.5 percent of each subsidiary's revenues from ordinary activities.

(d) Correspond to loans with effective annual interest rates of up to 6.66 percent in dollars and up to 9.50 percent in soles, which mature between December 2023 and December 2024 and do not have specific guarantees.

(e) As of December 31, 2022, the total key management personnel compensation amounted to S/ 15,529,000 (2021: S/ 29,976,000). It includes short-term employee benefits and severance payment.

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

27. 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 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**
Equity amount (in thousands of *soles*)				**412,442**
Net basic and diluted earnings per share (in *soles*)				**0.228**

In thousands of	**Outstanding shares**	**Basic earnings for the weighted average**	**Number of days in the periods**	**Weighted average number of ordinary shares**
Year 2021				
Balance as of January 1, 2021	1,818,128	1,818,128	365	1,818,128
Acquisition of treasury shares	(7,293)	(7,293)	72	(1,439)
Balance as of December 31, 2021	**1,810,835**	**1,810,835**		**1,816,689**
Equity amount (in thousands of *soles*)				**395,531**
Net basic and diluted earnings per share (in *soles*)				**0.218**

As of December 31, 2022, the Company holds 12,967,000 and 7,293,000 treasury shares with an average of 333 days and 72 days, respectively.

28. Contingencies and Commitments

A. Financial commitments

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

- A letter of guarantee granted by UNACEM Perú S.A. in favor of the Ministry of Energy and Mines (MEM), issued by Banco de Crédito del Perú, for a total amount of approximately US$ 1,905,000, equivalent to S/ 7,616,000, maturing in January 2023, in order to guarantee compliance with the Mine Closure Plan of its mining concessions.

- A letter of guarantee issued by Banco de Crédito del Perú S.A. on behalf of the Ministry of Production to ensure the execution of the mine closure plan of its mining concessions for US$ 4,608,000, equivalent to S/ 15,504,000, maturing in January 2022, and for S/ 2,919,000, maturing in December 2022, in order to guarantee compliance with the Mine Closure Plan of its mining concessions.

- Letters of guarantee granted by UNACEM Perú S.A. in favor of third parties for a total of S/ 1,604,000 with maturity during the year 2022.

Due to the reorganization indicated in note 1, the obligations related to mine closure and obligations with third parties supported by the letters of guarantee indicated above, were transferred to UNACEM Perú S.A.

B. Tax Matters

Tax rates

(a) The Company is subject to the Peruvian tax law. As of December 31, 2022 and 2021, the corporate income tax is calculated on the basis of the net taxable profits determined by the Company at a rate of 29.5%.

Through Legislative Decree 1261, published on December 10, 2016 and effective as of January 1, 2017, the corporate income rate was amended to 29.5%.

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

It shall be presumed, without otherwise evidence, that the dividend distribution or any other form of profit distribution corresponds to retained earnings or other items that may generate older taxable dividends.

(b) In accordance with current Peruvian tax law, non-domiciled individuals only pay taxes for their Peruvian source income. In general terms, revenue obtained by non-domiciled individuals from the services rendered in the country shall be subject to a 30% income tax on gross income, provided that no double tax treaties are applicable. On this concern, Peru has currently entered into double tax treaties with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico, South Korea and Japan.

Concerning the technical assistance or digital services rendered by non-domiciled individuals to domiciled individuals, regardless of the place where the service is rendered, they shall be subject to a 15% and 30% income tax rate on gross income, respectively. Technical assistance shall be subject to a 15% applicable rate, provided that Income Tax Law requirements are met. As noted above, the retention ratio in these situations may vary or retention may not be applicable if provisions of current double tax treaties are applied.

Temporary tax on net assets

(c) The Company is subject to the temporary tax on net assets, whose tax base is composed of the prior period adjusted net asset value less depreciations, amortizations, legal reserve requirements and specific loss allowance. The tax rate is 0.4% for the years 2022 and 2021 and is applied to the amount of net assets exceeding S/ 1 million. It may be paid in cash or in nine consecutive monthly installments. The paid amount may be used as a credit against income tax paid for tax periods from March to December of the taxable year in which the tax was paid until maturity date of each down payment, and against the payment for regularization of income tax of the relevant taxable year. In the event a remaining balance is not applied, its refund may be requested. In 2022, the Company determined that the temporary tax on net assets amounts to S/ 20,653,000 (2021: S/ 19,926,000). In the event that the aforementioned credit balance is not applied against future income, the Company will request a refund before Tax Authorities. The temporary tax on net assets for 2021 was applied in its entirety in 2022.

Transfer pricing

(d) 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.

Legislative Decree 1312, published December 31, 2016 and effective January 1, 2017, established the following formal obligations to replace the former ones: (i) presentation of a Local File (if accrued revenue of the taxpayer exceeds 2,300 tax units [UIT, for its Spanish acronym]); (ii) presentation of a Master File; and (iii) presentation of a Country-by-Country Reporting. The presentation of the Master File and Country-by-Country Report will become mandatory in taxable period 2018.

Legislative Decree 1312 also established that intragroup services with low added value shall not have a margin greater than 5% of their costs. Concerning the services rendered between related parties, taxpayers shall comply with the benefit test and provide the documents and information under specific conditions for the deduction of costs or expenses.

The Company is required to file the Local Report and the Master Report for 2022 until June and October 2023, respectively. The Local Report and the Master Report for 2021 were submitted in June and October 2022, respectively, within the established deadlines.

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

Income tax determination

(e) The Tax Authorities are entitled to audit and, if applicable, to correct the income tax calculated by the Company within the four years following the year of the tax return filing. The Company's income tax returns for the years from 2019 to 2022 and monthly sales tax returns for the periods from December 2018 to December 2022 are open for review by the Tax Authorities. Currently, a definitive audit process for the 2018 income tax return is in its initial stage.

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

(f) As of December 31, 2022, the net income tax credit balance of S/ 14,092,000 (net balance payable of S/ 71,663,000 as of December 31, 2021), is presented in "Trade and other accounts receivable" and "Trade and other accounts payable" in the separate statement of financial position (notes 7 and 13).

C. Contingent assets and liabilities

In the normal course of business, the Company had various tax, legal (labor and administrative) and regulatory claims, which are recognized and disclosed in accordance with IFRSs (note 2.B.(p)).

(a) Tax proceedings:

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

As of December 31, 2022 and 2021, the main tax proceedings pending before the Tax Administration are related to the following:

- Income tax for the years 2000 and 2001.
- Income tax for the years 2004 and 2005.
- Income tax for the year 2009.
- Fines for interest on down payments of income tax for the year 2014.
- Contribution to the retirement fund for mining, metallurgical and steel workers for the years from 2013 to 2017.
- Mining royalties of former Cementos Lima, years 2008 and 2009.
- Mining royalties of former Cementos Andino, year 2008.

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 28).

As of December 31, 2022 and 2021, the Company has accounts receivable from such tax proceedings (note 7(c)). It is the opinion of management and its legal advisors that the Company will obtain a favorable outcome.

D. Mining royalties

Payments of mining royalties are deductible for determining income tax of the year in which payments are made.

For the year ended December 31, 2021, the mining royalty expense paid to the Peruvian State amounts to approximately S/ 4,116,000 (note 16 (a)).

E. Environmental commitments

As of December 31, 2021, the Company's activities were subject to environmental protection standards, for which it had complied with regulations related to industrial, mining and port activity, and hydrocarbon use. However, due to the reorganization that came into effect on January 1, 2022; it is its subsidiary, UNACEM Perú S.A., which is subject to these protection standards.

29. Financial Risk Management

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

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

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

A. Market risk

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

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

The Company 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, 2022 and 2021.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments fluctuates as a result of changes in the interest rates. As of December 31, 2022, the Company is not exposed to interest rate risk.

- ***Hedging instruments***

As of December 31, 2022, the Company does not hold any hedging financial instruments. As of December 31, 2021, it maintains three interest rate swap contracts designated as cash flow hedges that are recorded at fair value; however, they were transferred as part of the equity block explained in note 1. Hedging instruments are as follows:

In thousands of soles	**Benchmark amount US$ (000)**	**Maturity date**	**Variable-rate**	**Fixed-rate**	**Fair value**
					2021
Borrower					
Liabilities					
Citibank N.A.	50,000	October 2025	3-month LIBOR + 1.75%	5.700%	13,210
Banco Santander S.A.	45,000	November 2023	3-month LIBOR + 1.85%	5.030%	8,499
Bank of Nova Scotia S.A.	30,000	September 2025	3-month LIBOR + 2.60%	5.660%	3,719
					25,428

As of December 31, 2021, the financial instruments are intended to reduce the exposure to variable interest rate risk associated with the bank loans indicated in note 14.1(c.1), these related loans have been transferred to UNACEM Perú S.A. as part of reorganization, note 1.

The Company pays or receives in a 3-month period (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 Company are recognized as an adjustment to borrowing costs of the period for hedged loans.

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

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 equity.

In 2021, the effects recognized in the 'unrealized gains and losses' in the separate statement of comprehensive income amount to S/ 12,625,000, net of tax effects.

In 2021, the Company recognized expenses incurred on hedging instruments for S/ 15,839,000, which were effectively paid. They are presented in 'borrowing costs' in the consolidated statement of profit or loss (note 25).

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 Company'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, 2021 the impact on income before income tax on a 10% increase or decrease amounts to approximately S/ 74,000, respectively. For the period ended December 31, 2022, there are no variable rate loans.

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 Company is exposed to exchange rate risk from its operating activities (when income and expenses are stated in a currency other than its functional currency).

Management monitors this risk through the analysis of macroeconomic factors. As of December 31, 2022 and 2021, since management assumed this risk, it did not enter into transactions using hedging instruments.

In 2022 and 2021, the foreign currency balances resulted in a net loss for S/ 2,283,000 (loss for S/ 29,642,000 and gain for S/ 27,359,000), and a net loss for S/ 48,270,000 (loss for S/ 227,645,000 and gain for S/ 179,375,000). They are presented in 'exchange difference, net' in the separate statement of profit or loss.

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

	Profit or loss	
In thousands of soles	**Devaluation**	**Revaluation**
December 31, 2022		
US$ (5% movement)	2,391	(2,391)
US$ (10% movement)	4,782	(4,782)
December 31, 2021		
US$ (5% movement)	26,801	(26,801)
US$ (10% movement)	53,602	(53,602)

B. Credit risk
Credit risk is the risk that a financial loss will be incurred if a borrower to a financial instrument or contract fails to meet its financial obligations. The Company is exposed to credit risk from its operating activities, including trade accounts receivable, as well as financing activities, including deposits at banks and financial institutions, foreign currency transactions and other financial instruments. The maximum exposure to credit risk for the items in the separate financial statements as of December 31, 2022 and 2021 is represented by the sum of items of cash and cash equivalents, trade and accounts receivable.

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

Trade accounts receivable
The credit risk of customers is managed by management based on the Company's policies, procedures and control related to credit risk management. The Company assesses the credit rating of a customer based on a credit scores and individual credit limits.

The Company's sales are made mainly to local customers. As of December 31, 2021, it has a portfolio of 41 customers. As of December 31, 2021, the Company's four major customers represent approximately 52% of sales.

At the end of each reporting period, the Company uses a provision matrix to measure ECLs. 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 Company 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 7 to the separate statement of financial position.

The Company has no collaterals (letters of credit). The letters of guarantee from customers are part of sales and are considered in the calculation.

As of December 31, 2021, 17% of the Company's trade accounts receivable are covered by letters of guarantee and others. As of December 31, 2021, the credit history obtained by the Company resulted in an increase in ECLs for S/ 585,000, respectively.

Other accounts receivable from related parties
Accounts receivable from sundry related parties correspond mainly to dividends and royalties. As of December 31, 2022, dividends receivable are collected in the short term and are therefore measured at cost. As of December 31, 2021, dividends receivable are classified as financial assets measured at fair value through other comprehensive income because they were collected in the long term, which were not impaired.

Other accounts receivable
Other accounts receivable correspond to outstanding balances for items not related to the Company's main operating activities. As of December 31, 2022, miscellaneous accounts receivable mainly correspond to: claims to the tax authorities and payments on account of income tax (claims to the tax authorities, advances to suppliers and claims to third parties as of December 31, 2021). Management periodically monitors the credit risk of such items and assesses debts evidencing an impairment in order to recognize the loss allowance.

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

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

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

			As of December 31, 2022			
In thousands of soles	***Note***	**Carrying amount**	**Less than 12 months**	**2 - 3 years**	**4 - 8 years**	**Total**
Trade and other accounts payable	*13*	50,439	48,852	1,587	-	50,439
Other financial liabilities						
Amortization of principal	*14*	1,090,104	140,057	880,790	69,257	1,090,104
Cash flows from cash payments from interest		-	47,053	76,797	745	124,595
Total liabilities		**1,140,543**	**235,962**	**959,174**	**70,002**	**1,265,138**

			As of December 31, 2021			
In thousands of soles	***Note***	**Carrying amount**	**Less than 12 months**	**2 - 3 years**	**4 - 8 years**	**Total**
Trade and other accounts payable	*13*	427,127	427,127	-	-	427,127
Other financial liabilities						
Amortization of principal	*14*	2,663,907	383,635	1,752,487	527,785	2,663,907
Cash flows from cash payments from interest		-	113,814	208,551	17,695	340,060
Total liabilities		**3,091,034**	**924,576**	**1,961,038**	**545,480**	**3,431,094**

D. Capital management

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

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

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

In thousands of soles	***Note***	**2022**	**2021**
Other financial liabilities		1,090,104	2,663,907
Trade and other accounts payable		50,439	427,127
Less: Cash and cash equivalents		6,426	54,588
Net debt (a)		**1,146,969**	**3,145,622**
Net equity		**5,248,951**	**5,011,008**
Debt-to-equity ratio (a/b)		**0.22**	**0.63**

For the years ended December 31, 2022 and 2021, there were no changes in the objectives, policies or procedures related to capital management.

30. Fair Value

A. Financial instruments measured at fair value and 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. The amounts are based on balances presented in the separate statement of financial position:

In thousands of soles	Level 2	Total
December 31, 2021		
Financial assets		
Dividends receivable	74,148	74,148
Total financial assets	**74,148**	**74,148**
Financial liabilities		
Hedging instruments	25,428	25,428
Total financial liabilities	**25,428**	**25,428**

As of December 31, 2022, the Company has financial assets measured at amortized cost.

B. Financial liabilities not measured at fair value

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

Level 1

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

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

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

Level 2

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

	2022		2021	
In thousands of soles	Carrying amount	Fair value	Carrying amount	Fair value
Promissory notes	-	-	170,000	170,033
Bonds and Bank Loans	1,090,104	1,051,740	2,493,907	2,553,825

31. Changes in Liabilities from Financing Activities

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

	Equity and liabilities							
In thousands of soles	**January 1, 2022**	**Cash flows**	**New bank loans**	**Dividends declared**	**Others**	**Transfer for reorganization**	**Treasury shares**	**December 31, 2022**
Overdrafts and promissory notes	170,000	(60,000)	60,000	-	-	(170,000)	-	-
Bank loans and corporate bonds	2,493,907	(13,851)	-	-	1,026	(1,390,978)	-	1,090,104
Dividends payable	81,429	(228,670)	-	162,610	(31)	-	-	15,338
Acquisition of treasury shares	(11,610)	-	-	-	-	-	(11,920)	(23,530)
Total liabilities from financing activities	**2,733,726**	**(302,521)**	**60,000**	**162,610**	**995**	**(1,560,978)**	**(11,920)**	**1,081,912**

	Equity and liabilities							
In thousands of soles	**January 1, 2021**	**Cash flows**	**New bank loans**	**Dividends declared**	**Effects of exchange difference**	**Others**	**Treasury shares**	**December 31, 2021**
Overdrafts and promissory notes	367,440	(735,248)	531,316	-	6,492	-	-	170,000
Bank loans and corporate bonds	2,803,502	(1,534,435)	1,168,289	-	53,362	3,189	-	2,493,907
Dividends payable	4,877	(115,886)	-	192,445	-	(7)	-	81,429
Acquisition of treasury shares	-	-	-	-	-	-	(11,610)	(11,610)
Total liabilities from financing activities	**3,175,819**	**(2,385,569)**	**1,699,605**	**192,445**	**59,854**	**3,182**	**(11,610)**	**2,733,726**

32. Subsequent Events

According to the Company's management opinion, between January 1, 2023 and the date of issuance of these separate financial statements, no other significant events or developments have occurred that would require disclosure in the consolidated financial statements as of December 31, 2022, except for:

- Desert Ready Mix L.L.C. is a consolidated structured entity through which Skanon Investments Inc. sales concrete and aggregates in Phoenix, United States of America.

  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 controlling interests in Desert Ready Mix L.L.C. at the sole and absolute discretion of Skanon Investments Inc. Additionally, in May 2018, an agreement was reached whereby Skanon has the option to acquire the remaining 30% equity interest in DRM. The subsidiary Skanon Investments, Inc. exercised its call option (note 4.C(i)), effective January 1, 2023, to acquire a 70 percent interest in Desert Ready Mix, LLC at a price equal to the outstanding debt plus accrued interest, for US$ 5,243,000 (equivalent to S/ 20,029,000).

- Desert Aggregates L.L.C. is a consolidated structured entity through which Staten Island Company L.L.C. sales concrete and aggregates in Maricopa, Arizona, United States of America.

  In 2019, Staten Island Company L.L.C. 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. The subsidiary Skanon Investments, Inc. exercised its call option (note 4.C(i)), effective January 1, 2023, to acquire a 100 percent interest in Desert Aggregates, LLC at a price equal to the outstanding debt plus accrued interest, for US$ 4,737,000 (equivalent to S/ 18,094,000).

The aforementioned subsequent events do not generate any modification in the consolidated financial statements as of December 31, 2022.

33. Explanation Added for English Translation

The accompanying separate financial statements were originally issued in Spanish and are presented on the basis of International Financial Reporting Standards, as described in Note 2. Certain accounting practices applied by the Company that conform to those accounting principles may not conform to generally accepted accounting principles in other countries. In the event of a discrepancy, the Spanish language version prevails.