

UNACEM Perú S.A.

UN-AUDITED Interim Financial Information
As of June 30st, 2023



UNACEM PERU S.A.
Statement of Financial Position
As of June 30th, 2023 and December 31st, 2022
(In thousands of Soles)

	Notes	As of June 30th, 2023	As of December 31st, 2022
Assets			
Current Assets			
Cash and cash equivalents	4	5,705	60,708
Other Financial Assets		0	0
Trade and other accounts receivable	5	362,361	339,402
Trade Accounts Receivable , net		74,754	74,373
Other Accounts Receivable , net		11,321	27,346
Accounts Receivable from Related Companies		259,053	222,371
Advanced payments		17,233	15,312
Inventories	6	599,756	542,726
Biological Assets		0	0
Assets by Income Taxes		0	0
Other Non-Financial Assets		11,947	4,382
Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners		979,769	947,218
Non-current assets or groups of assets for disposal Classified as Held for Sale		0	0
Non-current assets or groups of assets for its classified as held for distribution to owners		0	0
Non-current assets or groups of assets for disposal Classified as Held for Sale or Held for distribution to owners		0	0
Total Current Assets		979,769	947,218
Non-Current Assets			
Other Financial Assets		0	0
Investments in subsidiaries, joint ventures and associates		0	0
Trade Accounts Receivables and other accounts receivables	5	0	0
Trade Accounts Receivable		0	0
Other Accounts Receivable		0	0
Accounts Receivable from Related companies		0	0
Advanced payments		0	0
Biological Assets		0	0
Investment Property		0	0
Mining concessions and property, plant and equipment	7	3,659,443	3,665,737
Intangible Assets , net		3,098	3,287
Assets Deferred Income Tax		0	0
Surplus value		9,746	9,746
Deferred active by clearing	8	94,041	95,861
Total Non-current Assets		3,766,328	3,774,631
TOTAL ASSETS		4,746,097	4,721,849

	Notes	As of June 30th, 2023	As of December 31st, 2022
Liabilities and Stocholders' Equity			
Current Liabilities			
Other Financial Liabilities	10	608,926	602,535
Trade and other accounts payable		275,595	519,168
Trade Accounts Payable	9	126,096	181,666
Other Accounts Payable	9	57,608	47,134
Accounts payable to related companies	9	52,771	119,925
Deferred Income		7,766	6,875
Provision for Employee Benefits		0	0
Other provisions		20,530	48,467
Income Tax Liabilities	9	39,120	170,443
Other non-financial liabilities		0	0
Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale		912,817	1,177,045
Liabilities included in asset groups classified as held for sale		0	0
Total Current Liabilities		912,817	1,177,045
Non-Current Liabilities			
Other Financial Liabilities	10	946,241	781,596
Trade accounts payable and other payable accounts		0	0
Trade Accounts Payable		0	0
Other Accounts Payable		0	0
Accounts payable to related companies		0	0
Deferred Income		0	0
Provision for Employee Benefits		0	0
Other provisions		27,849	26,243
Liability for Deferred Income Tax	11	373,537	385,397
Other non-financial liabilities	20,A,i	0	0
Total Non-Current Liabilities		1,347,627	1,193,236
Total Liabilities		2,260,444	2,370,281
Stockholders' Equity			
Issued Capital	12	2,156,485	2,156,485
Issuance Premiums		0	0
Investment shares		0	0
Treasury Shares in portfolio		0	0
Legal reserve		62,052	42,146
Accrued Results		252,863	139,200
Other Equity Reserves		14,253	13,737
Total Stockholders' Equity		2,485,653	2,351,568
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		4,746,097	4,721,849



UNACEM PERU S.A.
Statement of Profit or Loss
For the period ended June 30th, 2023 and 2022
(In thousands of Soles)

	Notes	For the cumulative period from January 1st to June 30th, 2023	For the cumulative period from January 1st to June 30th, 2022
Incomes from ordinary activities	13	1,331,048	1,360,302
Cost of Sales	14	-864,834	-862,124
Profit (Loss) Gross		466,214	498,178
Sales Expenses		-23,775	-30,824
Administrative expenses	15	-73,783	-84,321
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-
Other Income	16	14,908	9,003
Other Expenses	16	-73,726	-74,147
Other profit (loss)		-	-
Profit (Loss) from operating activities		309,838	317,889
Financial Income		3,247	1,117
Financial Expenses	17	-45,852	-36,845
Exchange differences, net	20.A (ii)	14,861	28,477
Other income (expense) from subsidiaries, joint ventures and associates		-	-
Share of Profit (Loss) in net results from Equity-Accounted Joint Ventures and related companies		-	-
Difference between the book value of the distributed assets and the book value of the divided payable		-	-
Gains before Income tax		282,094	310,638
Income tax expenses	11(a)	-83,033	-92,509
Profit (Loss) Net of Continued Operations		199,061	218,129
Profit (loss) net of the tax to the profit from discontinued operations		-	-
Profit (loss) net of the year		199,061	218,129



UNACEM PERU S.A.
Statement of Comprehensive Income
For the period ended June 30th, 2023 and 2022
(In thousands of Soles)

	Notas	For the cummulative period from January 1st to June 30th, 2023	For the cummulative period from January 1st to June 30th, 2022
Net Profit (Loss) of the year		199,061	218,129
Components of other comprehensive income:			
Net Change for Cash Flow Hedges		0	0
Hedges of a Net Investment in a Foreign Operation		0	0
Profit (Loss) in equity instrument investments at fair value		0	0
Exchange difference on translation of Foreign Operations		0	0
Net variation of non-current assets or groups of assets held for sale		0	0
Revaluation Surplus		0	0
Actuarial Gain (Loss) on defined benefit pension plans		0	0
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		0	0
Other Comprehensive Income Pre Tax		-	-
Income tax relating to components of other comprehensive income			
Net Change for Cash Flow Hedges		732	21,466
Hedges of a Net Investment in a Foreign Operation		0	0
Profit (Loss) in equity instrument investments at fair value		0	0
Exchange difference on translation of Foreign Operations		0	0
Net variation of non-current assets or groups of assets held for sale		0	0
Gains (Losses) for Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes		-216	-6,332
Actuarial Gain (Loss) on defined benefit pension plans		0	0
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		0	0
Sum of Income Tax-Related Components of other comprehensive income		516	15,134
Other Comprehensive Income		516	15,134
Total Comprehensive Income for the period , net of income tax		199,577	233,263



UNACEM PERU S.A.
Statement of Cash Flow

Direct Method
For the periods ended June 30th, 2023 and June 30th, 2022
(In thousands of Soles)

	Notes	As of January 1st, 2023 to June 30th, 2023	As of January 1st, 2022 to June 30th, 2022
Operating activities cash flows			
Types of cash collections from operating activities			
Sale of Goods and Services		1,584,991	1,464,930
Royalties, fees, commissions and other income from ordinary activities		0	0
Contracts held for brokering or trading purposes		0	0
Lease and subsequent sales of such assets		0	0
Other Cash Receipts Related to Operating Activity		0	0
Types of cash collections from operating activities			
Suppliers of goods and services		-1,125,103	-754,067
Contracts held for brokering or trading purposes		0	0
cash payments to and on behalf of employees		-154,884	-117,279
Elaboration or acquisition of assets to be leased and other assets held for sale		0	0
Other Cash Payments Related to Operating Activity		-82,591	-118,833
Cash flows and cash equivalents from (used in) Operating Activities		222,413	474,751
Interests received (not included in the Investment Activities)		0	0
Interests paid (not included in the Investment Activities)		-41,520	-27,281
Dividends Received (not included in the Investment Activities)		0	0
Dividends Paid (not included in the Investment Activities)		0	0
Income tax (paid) reimbursed		-224,258	-17,509
Other cash collections (payments)		-16,834	-77,392
Cash flows and cash equivalents from (used in) Operating Activities		-60,199	352,569
Cash flows from Investment activities			
Type of cash collections from investment activities			
Reimbursement of loan repayment and loans granted to third parties		0	0
Loss of control of subsidiaries or other businesses		0	0
Loan repayments received from related parties		0	0
Sale of Equity-related Financial Instruments or debt of other entities		0	0
Derivatives contracts (Futures, Forwards or Options)		0	0
Sales of Interest in Joint Ventures, Net of the expropriated cash		0	0
Sale of Property, Plant and Equipment		0	0
Sale of intangible assets		0	0
Sale of other long- term assets		0	0
Government Subventions		0	0
Interests received		0	0
Dividends received		0	0
Type of cash payments from investment activities			
Advances and loans granted to third parties		0	0
Controlling interest of subsidiaries and other businesses		0	0
Loans from related		0	0
Purchase of Financial Instruments of equity or debt of other entities		0	0
Derivatives contracts (Futures, Forwards or Options)		0	0
Purchase of Subsidiaries, Net of cash acquired		0	0
Purchase of Joint Venture shares, Net of the cash acquired		0	0
Purchase of Property, Plant and Equipment		-74,710	-66,922
Purchase of intangible assets		-500	-680
Purchase of other long- term assets		0	0
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to Investment activities		0	0
Cash flows and cash equivalents from (used in) investing activities		-75,210	-67,602



UNACEM PERU S.A.
Statement of Cash Flow

Direct Method
For the periods ended June 30th, 2023 and June 30th, 2022
(In thousands of Soles)

	Notes	As of January 1st, 2023 to June 30th, 2023	As of January 1st, 2022 to June 30th, 2022
Cash flows from Financing activities			
Type of cash collections from financing activities			
Loan securing		516,503	75,861
Loans from related entities		0	0
Changes to the subsidiaries ownership interest not resulting in the loss of control		0	0
Issuance of Shares		0	0
Issuance of Other Equity Instruments		0	0
Government Subventions		0	0
Type of cash payments from financing activities			
Loan Amortization or payment		-329,222	-138,338
Financial leasing liabilities		0	0
Loans from related entities		0	0
Changes to the subsidiaries ownership interest not resulting in the loss of control		0	0
Redemption or repurchase of the entities' shares (Shares in the portfolio)		0	0
Acquisition of other equity interest		0	0
Interests paid		0	0
Dividends paid		-106,832	0
Income tax (paid) reimbursed		0	0
Other cash receipts (payments) relating to financing activities		0	0
Cash flows and cash equivalents from (used in) financing activities		80,449	-62,477
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		-54,960	222,490
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		-43	1,518
Increase (Decrease) in Net Cash and Cash Equivalents		-55,003	224,008
Cash and cash equivalents at beginning of year		60,708	10
Cash and cash equivalents at end of year		5,705	224,018



UNACEM PERU S.A.
Statement of changes in Equity
For the periods ended June 30th, 2023 and December 31th, 2022
(In thousands of Soles)

	Other Equity Reserves														Subtotal	Total Stockholders' Equity	
	Issued Capital	Issuance Premiums	Investment shares	Treasury Shares in Portfolio	Other Capital Reserves	Accrued Results	Cash Flow Hedges	Investment Hedges, net of foreign businesses	Investments in equity instruments accounted at fair value	Exchange difference on translation of Foreign Operations	Non-current assets or groups of assets for held for sale	Revaluation Surplus	Actuarial Profit (Loss) on defined benefit plans	Reserve on Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income			
Balances as of January 1, 2022	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
4. Changes in Stockholders' Equity:																	
5. Comprehensive Income:																	
6. Gain (Loss) for the year						421,455											421,455
7. Other Comprehensive Income:							13,737										13,737
8. Comprehensive Income - Total year						421,455	13,737										435,192
9. Cash Dividends Declared						-240,109											-240,109
10. Equity Issuance (reduction)																	
11. Reduction or amortization of Investment shares																	
12. Increase (decrease) in Other Contributions by Owners																	
13. Decrease (Increase) for Other Distributions to Owners																	
14. Increase (Decrease) due to changes in the subsidiaries ownership interest not resulting in the loss of control																	
15. Increase (decrease) for transactions with Treasury Shares in Portfolio																	
16. Increase (Decrease) for Transfer and other Equity Changes	2,156,475				42,146	-42,146											2,156,475
Total Equity Increase (decrease)	2,156,475	-	-	-	42,146	139,200	13,737	-	-	-	-	-	-	-	-	-	2,351,558
Balance as of December 31 2022	2,156,485	-	-	-	42,146	139,200	13,737	-	-	-	-	-	-	-	-	-	2,351,568
Balance as of January 1, 2023	2,156,485	-	-	-	42,146	139,200	13,737	-	-	-	-	-	-	-	-	-	2,351,568
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	2,156,485	-	-	-	42,146	139,200	13,737	-	-	-	-	-	-	-	-	-	2,351,568
4. Changes in Stockholders' Equity:																	
5. Comprehensive Income:																	
6. Gain (Loss) for the year						199,061											199,061
7. Other Comprehensive Income:							516										516
8. Comprehensive Income - Total year						199,061	516										199,577
9. Cash Dividends Declared						-65,492											-65,492
10. Equity Issuance (reduction)																	
11. Reduction or amortization of Investment shares																	
12. Increase (decrease) in Other Contributions by Owners																	
13. Decrease (Increase) for Other Distributions to Owners																	
14. Increase (Decrease) due to changes in the subsidiaries ownership interest not resulting in the loss of control																	
15. Increase (decrease) for transactions with Treasury Shares in Portfolio																	
16. Increase (Decrease) for Transfer and other Equity Changes					19,906	-19,906											
Total Equity Increase (decrease)	-	-	-	-	19,906	113,663	516	-	-	-	-	-	-	-	-	-	134,085
Balance as of June 30th, 2023	2,156,485	-	-	-	62,052	252,863	14,253	-	-	-	-	-	-	-	-	-	2,485,653

UNACEM Perú S.A.
UNAUDITED Interim Financial Statements
As of June 30, 2023

1. Background and Economic Activity

UNACEM PERU S.A. (hereinafter, the “Company”) was incorporated on September 30 2021.

As of June 30, 2023, the Company is a subsidiary of UNACEM Corp. S.A.A. (hereinafter, the “Parent Company”), which holds a 100% of direct stake in its capital stock. The parent company has the power to direct the Company’s financial and operating policies.

The Company’s legal domicile is located at Av. Atocongo 2440, Villa María del Triunfo, Lima, Perú.

The Company’s main activity is the production and commercialization of clinker and cement in the country and for export. To do so, the Company has two plants located in the departments of Lima and Junín, with an annual production capacity of 6.7 million tons of clinker and 8.3 million tons of cement, respectively.

The financial statements for the second quarter of 2023 have been issued with the authorization of the Company’s Management and shall be submitted for approval of such issuance at the meeting to be held on July 26, 2023. The financial statements of 2022 were approved in the Shareholders’ Meeting held on March 30, 2023.

2. Summary of Significant Accounting Policies

The accounting policies adopted in the submission of the interim financial statements are consistent with the policies used in the preparation of the Company’s annual financial statements as of December 31, 2022, unless otherwise stated.

A. Basis of Preparation

The Company’s interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for the derivative financial instruments that have been measured at fair value. The financial statements are presented in Peruvian Soles and all amounts have been rounded to the nearest thousand (PEN 000), unless otherwise indicated.

The interim financial statements provide comparative information with respect to former periods; however, they do not include all of the information and disclosures required for annual financial statements. Therefore, they must be read together with the audited report as and for the year ended December 31, 2022.

3. Foreign Currency Transactions

Foreign currency transactions are carried out at the free-market exchange rates published by the Superintendency of Banking, Insurance and Pension Fund Management Companies (SBS-AFP). As of June 30, 2023, the weighted average free-market exchange rates for transactions in Soles were PEN 3.624 (buying rate) and PEN 3.633 (selling rate) (buying exchange rate: PEN 3.808, and selling exchange rate: PEN 3.820, as of December 31, 2022).

Notes to the financial statements (continued)

As of June 30, 2023 and December 31, 2022, the Company had the following assets and liabilities in U.S. Dollars:

<i>In thousands of dollars</i>	As of June 30, 2023	As of December 31, 2022
Assets		
Cash and cash equivalents	455	7,409
Derivative financial instruments	991	669
Trade and other accounts receivable	45,734	32,123
	47,180	40,201
Liabilities		
Trade and other accounts payable	(8,678)	(800)
Bank overdraft	(409)	-
Other financial liabilities	(88,500)	(101,500)
	(97,587)	(102,300)
Net liability position	(50,407)	(62,099)

The Company manages the exchange rate risk by monitoring and controlling the amounts of currencies other than each country's functional currency that are exposed to changes in the exchange rates. As of June 30, 2023 and December 31, 2022, the Company does not record any transactions with exchange rate derivatives, any devaluation/revaluation of foreign currency affects the income statement.

4. Cash and Cash Equivalents

This caption comprises the following:

<i>In thousands of soles</i>	As of June 30, 2023	As of December 31, 2022
Petty cash	16	10
Checking accounts (a)	5,673	43,144
Time deposits (b)	16	17,554
	5,705	60,708

- (a) Checking accounts are in local and foreign currency, held with local and foreign banks with a high credit rating, and are freely available. These accounts earn interest at market rates.
- (b) They relate to time deposits held with local financial entities in local and foreign currency; they earn interest at market rates and have original maturities of less than three (3) months.

Notes to the financial statements (continued)

5. Trade and Other Accounts Receivable

This caption comprises the following:

<i>In thousands of soles</i>	Current	
	As of June 30, 2023	As of December 31, 2022
Trade accounts		
Trade accounts receivable (a)	74,754	74,373
Related parties		
Accounts receivable (18 b)	259,053	222,371
Other accounts		
Advances to suppliers (b)	17,233	15,312
VAT tax credit	2,168	18,143
Loans to employees	4,596	5,554
Hedging financial instruments (20A i)	3,289	2,557
Claims to third parties	105	1,233
Other accounts receivable	3,611	1,451
	364,809	340,994
Less – Expected credit loss	(2,448)	(1,592)
	362,361	339,402

- (a) Trade accounts receivable are primarily expressed in soles, have current maturities, do not accrue interest, and do not have significant specific guarantees.
- (b) As of June 30, 2023, and December 31, 2022, this corresponds to advances made to suppliers for the acquisition of supplies and the provision of various services. These advances will be applied in the short term.

6. Inventory

This caption comprises the following:

<i>In thousands of soles</i>	As of June 30, 2023	As of December 31, 2022
Finished products	22,055	20,311
In-Process products	238,544	167,148
Raw materials and ancillary materials (a)	123,700	114,450
Packaging and packing	42,605	62,542
Spare parts and supplies	186,481	193,638
Inventory in transit	469	-
	613,854	558,089
Estimated impairment of inventories (b)	(14,098)	(15,363)
	599,756	542,726

- (a) The raw materials and ancillary materials category mainly includes gypsum, imported coal, and clinker. As of June 30, 2023, the Company has an inventory of imported coal amounting to approximately PEN 37,343,000 (PEN 35,534,000 as of December 31, 2022).
- (b) In the opinion of the Company's Management, the inventory impairment estimate adequately covers the risk of inventory impairment as of June 30, 2023, and December 31, 2022.

Notes to the financial statements (continued)

7. Mining Concessions and Property, Plant and Equipment

This caption comprises the following:

<i>In thousands of soles</i>	As of June 30, 2023	As of December 31, 2022
Cost -		
Opening balance	6,043,110	-
Transfer due to reorganization	-	5,827,221
Additions (a)	105,691	219,882
Write-offs	(524)	(2,266)
Adjustments	677	(1,727)
Closing balance	6,148,954	6,043,110
Accumulated depreciation -		
Opening balance	2,377,373	-
Transfer due to reorganization	-	2,157,667
Depreciation of the period (b)	112,585	221,600
Write-Offs	(447)	(1,894)
Closing balance	2,489,511	2,377,373
Net book value:	3,659,443	3,665,737

- (a) As of June 30, 2023, the main additions correspond to disbursements made for the projects of the Condorcocha plant's Furnace 3 cooler dedusting system. Likewise, the Company continues with the expansion of the product dispatch and packaging capacity at both plants: Atocongo and Condorcocha. The total amount of the aforementioned projects is approximately PEN 44,408,000.

During 2022 the main additions correspond to disbursements made for the projects of (i) expansion of product dispatch and packaging capacity in both plants, (ii) Furnace 3 cooler dedusting system, both in the Condorcocha plant, as well as the following projects in the Atocongo plant (iii) structural reinforcement and improvement of the discharge system, (iv) improvements in cement mills and primary crusher; the aforementioned projects total approximately PEN 80,449,000.

- (b) Depreciation as of June 30, 2023 and 2022 has been distributed as follows:

<i>In thousands of soles</i>	<i>Note</i>	As of June 30, 2023	As of June 30, 2022
Cost of sales	14	109,305	109,137
Administrative expenses	15	1,819	3,460
Selling expenses		167	-
Other expenses		1,294	1,934
		112,585	114,531

Notes to the financial statements (continued)

8. Deferred assets for land clearing

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	As of June 30, 2023	As of December 31, 2022
Cost			
Opening balance		164,912	-
Transfer due to reorganization		-	164,912
Closing balance		164,912	164,912
Accumulated depreciation			
Opening balance		69,051	-
Transfer due to reorganization		-	62,384
Additions	14	1,820	6,667
Closing balance		70,871	69,051
Net book value		94,041	95,861

As of June 30, 2023 and December 31, 2022, the Company has three identifiable components (quarries): Atocongo, Atocongo Norte and Pucará. These quarries hold a specific volume of limestone and tailings.

9. Trade and Other Accounts Payable

This caption comprises the following:

<i>In thousands of soles</i>	As of June 30, 2023	As of December 31, 2022
Trade accounts payable (a)	126,096	181,666
Accounts payable to related parties 18(b)	52,771	119,925
Interest payable 10(b) and 10.1(c)	20,390	16,729
Compensation, bonus and vacation payable	25,236	13,833
Social security contributions payable	2,442	5,109
Interest on financial instruments payable	-	144
Income tax payable	39,120	170,443
Directors' compensation payable	2,014	3,626
Other accounts payable	7,526	7,693
	275,595	519,168

- (a) Trade accounts payable are mainly for ore mining services and the acquisition of fuels and additives for the Company's production, are expressed in local and foreign currency, have current maturities, do not bear interest and no guarantees have been granted for these obligations.

10. Other Financial Liabilities

(a) This caption comprises the following:

<i>In thousands of soles</i>	As of June 30, 2023			As of December 31, 2022		
	Current Portion	Non-current Portion	Total	Current Portion	Non-current Portion	Total
Bank overdrafts	36,503	-	36,503	-	-	-
Bank promissory notes (b)	328,485	315,000	643,485	371,900	-	371,900
Bank loans (10.1)	243,938	631,241	875,179	230,635	781,596	1,012,231
	608,926	946,241	1,555,167	602,535	781,596	1,384,131

(b) Bank promissory notes correspond mainly to working capital financing, do not have specific guarantees and are renewed depending on the Company's working capital needs.

As of June 30, 2023 and December 31, 2022, the balance by financial entity consists of:

<i>In thousands of soles</i>	Currency	Maturity Date	As of June 30, 2023	As of December 31, 2022
Financial Entity				
Banco de Crédito del Perú	Soles	April 2024	100,000	-
Banco Internacional del Perú S.A.A.	Soles	June 2024	65,000	-
Scotiabank Perú S.A.	Soles	August 2024	250,000	-
Banco Internacional del Perú S.A.A.	Soles	September 2024	65,000	-
Banco Internacional del Perú S.A.A.	U.S. Dollars	November 2023	163,485	171,900
Banco de Crédito del Perú	Soles	June 2023	-	200,000
			643,485	371,900

As of June 30, 2023 and December 31, 2022, interest payable on bank promissory notes amounted to approximately PEN 12,883,000 and pen 8,434,000, respectively, and is recorded in "Trade and other accounts payable" in the statement of financial position, note 9. As of June 30, 2023 and 2022, interest expense on bank promissory notes amounted to approximately PEN 17,980,000 and PEN 2,713,000, respectively, and is included in "Financial expenses" in the income statement.

Notes to the financial statements (continued)

10.1 Bank Loans

(a) As of June 30, 2023 and December 31, 2022, the balance of bank loans is detailed below:

<i>In thousands of soles</i>	Maturity Date	Guarantee	As of June 30, 2023	As of December 31, 2022
Bank loans (b) and (d)-				
Banco de Crédito del Perú	October 2026	No guarantee	101,135	105,900
Scotiabank Perú S.A.	October 2024, March 2025 and January 2027	No guarantee	264,393	318,500
Banco Internacional del Perú S.A.A.	January 2027	No guarantee	120,250	127,400
BBVA Banco Continental	January 2027	No guarantee	233,893	247,800
Citibank (a.1)	October 2025	No guarantee	108,990	152,800
Bank of Nova Scotia (a.1)	September 2025	No guarantee	49,046	63,030
			877,707	1,015,430
Amortized cost			(2,528)	(3,199)
Total			875,179	1,012,231
Less - Current portion			243,938	230,635
Non-current portion			631,241	781,596

(a.1) The Company maintains swap contracts to reduce the variable rate risk related to these loans, note 20.A.

On January 1, 2022, the Company received as part of the equity block, bank loans totaling PEN 1,560,978,000 from the parent company. On the other hand, as part of the agreements related to the reorganization, the parent company has granted its guarantee for the bank loans transferred to the Company up to a limit of PEN 877,707,000 and PEN 1,015,430,000 as of June 30, 2023 and December 31, 2022, respectively.

(b) The financial safeguards applicable to local financial liabilities are monitored quarterly and must be calculated based on the separate quarterly financial information of: i) the Company, ii) the combined quarterly financial information of the Company and UNACEM Corp S.A.A. (as if the simple reorganization had not been carried out).

i) As of June 30, 2023 the main financial safeguards based on the Company's financial information, fluctuate in the following ratios or indexes:

- Maintain a leverage ratio less than or equal to 1.5 times.
- Maintain a debt service coverage ratio greater than or equal to 1.2 times.
- Maintain a debt or financial debt/EBITDA coverage ratio of less than 3.5 times.

In Management's opinion, the Company has complied with the financial safeguards as of June 30, 2023 and December 31, 2022.

(c) As of June 30, 2023 and December 31, 2022, interest payable on medium and long-term debt with financial entities amounted to approximately PEN 7,507,000 and PEN 8,295,000, respectively, and is recorded in "Trade and other accounts payable" in the statement of financial position, note 9.

Interest generated by medium and long-term debt with financial entities as of June 30, 2023 and 2022, amounted to approximately PEN 22,854,000 and PEN 24,985,000, respectively, and is included in "Financial expenses" in the income statement.

(d) As of June 30, 2023, the Company maintained bank loans in soles with effective annual interest rates ranging from 4.10 to 4.92 percent. The bank loans in U.S. dollars are at a variable rate plus a margin (3-month Libor rate plus a margin ranging from 1.75 to 2.60 percent).

Notes to the financial statements (continued)

11. Deferred Income Tax Liabilities

This caption comprises the following:

<i>In thousands of soles</i>	As of June 30, 2023	As of December 31, 2022
Deferred assets		
Provision for inventory write-downs	4,159	4,532
Provision for vacations	511	569
Provision for quarry closure	6,644	6,536
Audit fees	60	109
Amortization of intangible assets	801	801
Pre-operating expenses	6,848	6,848
	19,023	19,395
Deferred liabilities		
Difference in tax basis and depreciation on fixed assets	(334,880)	(346,732)
Deferred asset for land clearing	(28,078)	(28,616)
Capitalized interest	(27,310)	(27,359)
Derivative financial instruments	(1,064)	(754)
Other provisions	(565)	(506)
Deferred commissions on financial obligations	(663)	(825)
	(392,560)	(404,792)
Net deferred income tax liabilities	(373,537)	(385,397)

(a) The income tax expense shown in the income statement as of June 30, 2023 consists of:

<i>In thousands of soles</i>	As of June 30, 2023	As of June 30, 2022
Current	(93,615)	(108,054)
Deferred	12,756	17,136
Mining royalty expense	(2,174)	(1,591)
	(83,033)	(92,509)

Notes to the financial statements (continued)

12. Net Stockholders' Equity

A. Capital Stock

As of June 30, 2023 and December 31, 2022, the issued capital is represented by 2,156,485,445 subscribed and paid-in ordinary shares with a face value of PEN 1 per share.

As of June 30, 2023 and December 31, 2022		
Shareholder	Number of Shares	Shareholding Percentage
UNACEM Corp. S.A.A.	2,156,485,444	100.00%
Digicem S.A. (formerly Transportes Lurín S.A.)	1	00.00%
	2,156,485,445	100.00%

B. Legal reserve

Pursuant to the Business Corporations Act, the Company shall transfer no less than 10% of its profits distributed in each period, less the income tax, to a legal reserve until it equals 20% of the issued capital. The legal reserve may be used to offset losses or may be capitalized, but it shall be refunded in both cases.

C. Unrealized results

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

D. Retained earnings - dividends declared

At the Board of Directors' meeting held on January 25, 2023 and April 27, 2023, dividends on account of the retained earnings of 2022 were declared for PEN 29,303,000 and PEN 36,189,000.

13. Revenue

This caption comprises the following:

<i>In thousands of soles</i>	As of June 30, 2023	As of June 30, 2022
Cement sales	1,235,696	1,263,186
Clinker exports (a)	62,497	58,467
Sale of blocks, concrete pavement and others (b)	32,855	38,649
	1,331,048	1,360,302
Timing of revenue recognition		
Services transferred at a point in time	1,331,048	1,360,302
	1,331,048	1,360,302

(a) Corresponds to the export of raw materials to customers located in South America.

(b) Corresponds mainly to sales made to Unión de Concreteras S.A. and Concremax S.A., related companies, note 18(a).

Notes to the financial statements (continued)

14. Cost of Sales

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	As of June 30, 2023	As of June 30, 2022
Initial inventory of finished and in-process products	6	187,459	164,106
Cost of production			
Fuel		241,161	209,230
Depreciation	7(b)	109,305	109,137
Personnel expenses		85,453	87,651
Raw materials consumption		90,180	73,432
Furnace, machinery and equipment maintenance		100,124	94,760
Electric power		66,553	59,950
Transportation of raw materials		41,511	37,075
Packaging		53,625	53,008
Depreciation of deferred assets due to land clearing	8	1,820	3,187
Other manufacturing expenses		149,915	123,102
Final inventory of finished and in-process products	6	(260,599)	(156,058)
		866,097	858,580
Allowance for inventory write-downs		(1,263)	3,544
		864,834	862,124

15. Administrative Expenses

This caption comprises the following:

<i>In thousands of soles</i>	<i>Note</i>	As of June 30, 2023	As of June 30, 2022
Personnel expenses		38,523	47,346
Third-party services		7,772	15,049
Donations		16,156	8,156
Taxes		6,421	7,787
Depreciation	7(b)	1,819	3,460
Amortization of intangible assets		6	6
Others		3,086	2,517
		73,783	84,321

16. Other Income and Other Expenses

As of June 30, 2023 and 2022, royalties in favor of the parent company were accrued for approximately PEN 55,178,000 and PEN 56,843,000, respectively.

17. Financial Expenses

It mainly refers to interest from medium- and long-term debt with bank entities. As of June 30, 2023 and 2022, it amounts to approximately PEN 40,834,000 and PEN 27,697,000, respectively. See notes 10(b) and 10.1(c).

Notes to the financial statements (continued)

18. Transactions with Related Companies

(a) As of June 30, 2023 and 2022, the main transactions with related companies were as follows:

<i>In thousands of soles</i>	<i>Note</i>	As of June 30, 2023	As of June 30, 2022
Revenue			
Revenue from sale of cement			
La Viga S.A.		288,318	292,682
Unión de Concreteras S.A.		111,004	83,301
Concremax S.A.		18,426	23,551
Prefabricados Andinos Perú S.A.C.		603	652
Asociación UNACEM		137	78
Revenue from sale of blocks, pavement and others			
Unión de Concreteras S.A.		30,722	36,862
Concremax S.A.		635	1,219
Drake Cement LLC		1,498	568
Revenue from administrative, IT and management support			
Compañía Eléctrica el Platanal S.A.		193	829
UNACEM Corp S.A.A.		3,024	322
Prefabricados Andinos Perú S.A.C.		325	279
Digicem S.A.		175	7
Inversiones Nacionales y Multinacionales Andinas S.A.		172	-
Drake Cement LLC		-	204
Vigilancia Andina S.A.		68	80
Generación Eléctrica Atocongo S.A.		83	83
Depósito Aduanero Conchán S.A.		63	63
UNACEM Chile S.A.		90	39
Others		63	33
Revenue from rental of plant, premises and equipment			
Unión de Concreteras S.A.		125	230
UNACEM Corp S.A.A.		-	160
Depósito Aduanero Conchán S.A.		147	147
Prefabricados Andinos Perú S.A.C.		93	93
ARPL Tecnología Industrial S.A.		32	25
Vigilancia Andina S.A.		21	21
Others		23	47
Revenue from sale of Clinker			
UNACEM Corp S.A.A.		-	26,322
Unicon Chile S.A.		-	16,537
UNACEM Chile S.A.		53,995	15,607
Revenue from interest on loans			
UNACEM Corp S.A.A.		1,119	314
Other revenue			
UNACEM Corp S.A.A.		27	148
Compañía Eléctrica El Platanal S.A.		220	-
Inversiones Nacionales y Multinacionales Andinas S.A.		110	-
Others		9	37
Purchases and costs			
Dividends			
UNACEM Corp S.A.A.		65,491	64,973
Royalties			
UNACEM Corp S.A.A.		55,178	56,843
Purchase of electric power			
Compañía Eléctrica El Platanal S.A.		58,174	54,998

Notes to the financial statements (continued)

<i>In thousands of soles</i>	<i>Note</i>	As of June 30, 2023	As of June 30, 2022
Processing service			
Unión de Concreteras S.A.		11,388	14,169
Concremax S.A.		378	695
Commissions and freight on cement sales			
La Viga S.A.		20,268	15,413
Surveillance services			
Vigilancia Andina S.A.		10,952	11,627
Donation			
Asociación UNACEM		16,014	8,023
Advisory services and technical assistance			
ARPL Tecnología Industrial S.A.		12,608	12,320
Purchase of auxiliary materials			
UNACEM Corp S.A.A.		4,507	26,725
Unión de Concreteras S.A.		2,700	3,422
Concremax S.A.		-	82
Engineering and project management services			
ARPL Tecnología Industrial S.A.		4,644	5,645
Prefabricated works			
Prefabricados Andino Perú S.A.C.		3,896	3,359
Thermal plant operation service			
Generación Eléctrica Atocongo S.A.		1,710	1,738
Warehouse management service			
Depósito Aduanero Conchán S.A.		1,669	1,754
Expense reimbursement			
Unión de Concreteras S.A.		4,227	2,614
UNACEM Corp S.A.A.		3,379	1,861
ARPL Tecnología Industrial S.A.		383	199
Others			
Inversiones Nacionales y Multinacionales Andinas S.A.		389	57
Unión de Concreteras S.A.		184	138
Drake Cement LLC		80	33
Digicem S.A.		82	-
Prefabricado Andino Perú S.A.C.		19	102
UNACEM Corp. S.A.A.		13	28
Compañía de Inversiones Santa Cruz S.A.		9	10

- (b) As a result of these and other minor transactions, as of June 30, 2023 and December 31, 2022 the Company has the following balances with its related parties:

<i>In thousands of soles</i>	<i>Note</i>	As of June 30, 2023	As of December 31, 2022
Accounts receivable			
UNACEM Chile S.A.		121,555	78,213
Unión de Concreteras S.A.		65,084	73,734
La Viga S.A.		35,916	37,104
UNACEM Corp. S.A.A.		11,698	120
UNICON Chile S.A.		10,829	18,805
Concremax S.A.		6,179	8,749
Drake Cement LLC		3,544	2,201
Minera Adelaida S.A.		3,370	1,750
Prefabricados Andinos Perú S.A.C.		562	649
Compañía Eléctrica El Platanal S.A.		170	917
Depósito Aduanero Conchán S.A.		36	45
Generación Eléctrica de Atocongo S.A.		33	21

Notes to the financial statements (continued)

<i>In thousands of soles</i>	<i>Note</i>	As of June 30, 2023	As of December 31, 2022
Inversiones Nacionales y Multinacionales Andinas S.A.		14	13
Vigilancia Andina S.A.		13	3
DIGICEM S.A.		11	18
Asociación UNACEM		2	1
Others		37	28
Total accounts receivable	5	259,053	222,371
Accounts payable			
Compañía Eléctrica El Platanal S.A.		15,990	13,452
Unión de Concreteras S.A.		10,803	13,379
UNACEM Corp. S.A.A.		9,221	75,878
ARPL Tecnología Industrial S.A.		6,370	9,046
La Viga S.A.		4,252	4,490
Asociación UNACEM		2,478	-
Vigilancia Andina S.A.		1,764	2,037
Depósito Aduanero Conchán S.A.		722	758
Prefabricados Andinos Perú S.A.C.		444	45
Drake Cement LLC		306	241
Concremax S.A.		280	577
Generación Eléctrica de Atocongo S.A.		-	1
Others		141	21
Total accounts payable	9	52,771	119,925

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

- (c) As of June 30, 2023, the total compensation received by the key management officers and directors amounted to approximately PEN 15,865,000 (PEN 13,742,000 as of June 30, 2022); such compensation includes short-term employee benefits and severance pay

19. Commitments and Contingencies

A. Financial commitments

As of June 30, 2023, among the main financial commitments maintained by the Company are as follows:

- Letter of guarantee in favor of the Ministry of Energy and Mines (MEM), issued by Banco Internacional del Perú S.A.A., for a total of approximately USD 1,209,000, equivalent to PEN 4,552,000 with maturity date in December 2023 and January 2024, in order to guarantee compliance with the Mine Closure Plan of its mining concessions.
- Letter of guarantee in favor of the Ministry of Production, issued by Banco Internacional del Perú S.A.A. for a total of approximately USD 6,383,000 equivalent to PEN 24,033,000 with maturity date in December 2023 and January 2024, in order to guarantee compliance with the Mine Closure Plan of its mining concessions.

Notes to the financial statements (continued)

- Letters of guarantee in favor of National Superintendency of Tax Administration (SUNAT) for a total of PEN 14,255,000 with maturity date in July, August, September and November 2023 and January 2024, in order to guarantee the customs tax debt.
- Letters of guarantee in favor of third parties for a total of PEN 638,000 with maturity date in July and December 2023 and March, April 2024.

B. Tax situation

Tax rates

- (a) The Company is subject to the Peruvian tax system. As of June 30, 2023 and 2022, the income tax rate is 29.5% of the net taxable income determined by the Company.

Individuals and legal entities not domiciled in Perú are subject to the withholding of an additional tax on the dividends received. In this regard, in accordance with Legislative Order (Decreto Legislativo) 1261, the additional tax on dividends received shall be withheld at a rate of 5% for the profits yielded starting from 2017 that are distributed as from such date.

- (b) Pursuant to the tax legislation in force in Peru, non-domiciled persons pay taxes only on their Peruvian source income. Accordingly, in general terms, the income earned by non-domiciled persons for services provided in our country shall be subject to a 30% income tax rate on gross income, provided that no double tax treaties (DTT) are applicable. In this connection, Peru has entered into DTTs with the Andean Community, Chile, Canada, Brazil, Portugal, Switzerland, Mexico and South Korea, which are currently in force.

Concerning the technical assistance or digital services provided by non-domiciled persons to domiciled persons, they shall in all cases be subject to a 15% and 30% income tax rate on gross income, respectively, regardless of the place where the service is provided. The rate applicable to the technical assistance services shall be 15%, provided that the requirements set forth in the Income Tax Act are met.

Temporary tax on net assets

- (c) The Company is subject to the Temporary Tax on Net Assets (ITAN), which tax base consists of the net asset value adjusted at the close of the year prior to the year in which payment has to be made, additions and deductions. The tax rate is 0.4% for 2023 and is applied to the amount of the net assets exceeding PEN 1 million. This tax may be paid in cash or in nine (9) consecutive monthly installments. The amount paid may be used as a credit against the advance payments of the income tax for the tax periods from March to December of the taxable year in which the tax was paid until the maturity date of each advance payment, and against the payment for regularization of the income tax for the relevant taxable year. If any balance remains unapplied, the refund of such balance may be requested.

Since the Company began operations in 2022, it has not calculated the ITAN for that period, which will be applicable from this fiscal year 2023 (calculated based on information for 2022). The ITAN calculated for the year 2023 was PEN 14,049,000.

Transfer pricing

- (d) In order to assess the income tax, the transfer pricing of transactions with related companies and with companies residing in low or zero taxation territories must be supported by documentation and information on the valuation methods used and the criteria used for their assessment.

Effective from January 1, 2017, Legislative Order (*Decreto Legislativo*) 1312, published on December 31, 2016, established formal obligations replacing the former ones. Furthermore, such Legislative Order prescribed that intra-group services of low added value may not have a margin that exceeds 5% of their costs and that, for services provided between related companies, taxpayers shall comply with the benefit test and shall submit the requested documentation and information under the conditions required to deduct the cost or expense.

Notes to the financial statements (continued)

The Company filed the local report for the year 2022 on June 16, 2023.

Based on an analysis of the Company's operations, the Management and its legal advisors consider that no significant contingencies will result from the application of these regulations as of June 30, 2023 and December 31, 2022.

Tax Authority Tax Review

- (e) The Tax Authority has the power to review and, if applicable, to correct the income tax calculated by the Company for the four years following the filing of the tax return. The income tax returns for the years 2021 and 2022, as well as the monthly VAT returns for the periods from January 2022 to March 2023 are open for review by the Tax Authority.
- (f) As of June 30, 2023, the Company recorded an income tax provision of PEN 93,615,000 and made payments on account for PEN 54,495,000. As of June 30, 2023, the net balance payable of PEN 39,120,000 is presented in the caption "Trade and other accounts payable" of the statement of financial position.

C. Mining royalties

This information is unchanged from that described in the note to the annual financial statements as of December 31, 2022.

The mining royalty expense paid to the Peruvian State as of June 30, 2023 amounts to approximately PEN 2,174,000.

Payments for this mining royalty are deductible for income tax purposes for the year in which the payments are made.

D. Environmental commitments

The Company's activities are subject to environmental protection standards. These standards are unchanged from those described in the note to the annual financial statements as of December 31, 2022.

20. Financial Risk Management Objectives and Policies

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

The Company's senior executives oversee the management of these risks. For this purpose, they are supported by the Finance Management who advises them on the Company's financial risks and the appropriate corporate financial risk management framework. Finance Management provides assurance to the Company's senior executives that the Company's financial risk-taking activities are governed by appropriate corporate policies and procedures and that financial risks are identified, measured and managed in accordance with these corporate policies and the Company's risk-taking preferences.

The Board of Directors reviews and agrees on policies for the management of each of these risks, which are summarized in the following sections:

A. Market risk

Market risk is the risk of changes in market prices. Market prices involve four types of risk: interest rate risk, exchange rate risk, product price risk and other price risks, which will affect the Company's results or the value of its financial instruments. Management's objective is to manage and control market risk exposures within established parameters while optimizing profitability.

The sensitivity analyses included in the following sections relate to the financial position as of June 30, 2023 and December 31, 2022.

Notes to the financial statements (continued)

These sensitivity analyses were prepared on the assumption that the amount of net debt, the ratio of fixed to floating interest rates on debt and derivative financial instruments, and the proportion of foreign currency financial instruments are all constant at June 30, 2023 and December 31, 2022.

i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company's exposure to market interest rate risk relates primarily to long-term debt obligations with variable interest rates.

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

The Company determines the existence of an economic relationship between the hedging instrument and the hedged item based on the reference interest rate, terms, maturity dates and notional or nominal amounts. The hedging derivative financial instruments held by the Company are detailed below.

Notes to the financial statements (continued)

▪ **Hedging derivative financial instruments**

As of June 30, 2023 and December 31, 2022, the Company holds two interest rate swaps designated as cash flow hedges which are recorded at fair value. Details of these transactions are as follows:

<i>In thousands of soles</i>	Reference amount US\$(000)	Maturity Date	Receives variable rate at:	Fixed payment:	Fair value	
					As of June 30, 2023	As of December 31, 2022
Asset						
Citibank N.A.	50,000	October 2025	3-month Libor + 1.75%	5.700%	2,012	1,130
Bank of Nova Scotia	30,000	September 2025	3-month Libor + 2.60%	5.660%	1,277	1,427
					3,289	2,557

The effective portion of changes in the fair value of derivative financial instruments that qualify as hedges are recognized as assets or liabilities, with a balancing entry in stockholders' equity. The effect recognized in the caption "Unrealized results" of the statement of comprehensive income as of June 30, 2023 and December 31, 2022 amounts to approximately PEN 516,000 and PEN 13,737,000, respectively, which are presented net of the effect on income tax.

The balance as of June 30, 2023 and December 31, 2022 is PEN 3,289,000 and PEN 2,557,000, respectively, and is presented in trade and other accounts receivable (see note 5).

Moreover, as of June 30, 2023 the Company recognized financial income for these derivative financial instruments amounting to approximately PEN 1,164,000, as of June 30, 2022 it recognized a financial expense of approximately PEN 5,805,000; such amounts have been effectively paid during the year and are presented as part of "Financial income" and "Financial expenses", respectively, in the income statement.

Notes to the financial statements (continued)

Sensitivity to exchange rates

The table below shows the sensitivity to a reasonably possible change in interest rates on the portion of loans after the impact of hedge accounting. Assuming that all the other variables will remain constant, the Company's before-tax profits would be affected by the impact on variable rate loans as follows:

<i>In thousands of soles</i>	Impact on before-tax profits	
	As of June 30, 2023	As of December 31, 2022
Increase / decrease in basis points		
-10%	(815)	(843)
+10%	815	843

The assumed movement in basis points related to the interest rate sensitivity analysis is based on the current market environment.

ii. Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of movements in exchange rates. The Company's exposure to the exchange rate risk relates primarily to the Company's operating activities (when income and expenses are in a currency other than the Company's functional currency) and secondly to the obtaining of financing in U.S. dollars.

The Management monitors this risk by analyzing the country's macroeconomic variables. As of June 30, 2023, the Management decided to accept the exchange risk of this position; consequently, it has not entered into any transactions using derivative instruments for hedging purposes.

As of June 30, 2023 and 2022, the fact of having balances in foreign currency resulted in a net gain of approximately PEN 14,861,000 (gain of approximately PEN 23,779,000 and loss of approximately PEN 8,918,000) and PEN 28,477,000 (gain of approximately PEN 122,713,000 and loss of approximately PEN 94,236,000), respectively; they are recognized in the income statements under "Exchange difference, net." The company's position is shown in foreign currency in note 3.

Sensitivity to exchange rates

The table below shows the sensitivity to a reasonably possible change in the U.S. dollar exchange rate, assuming that all the other variables will remain constant, on the Company's before-tax profits (due to changes in the fair value of monetary assets and liabilities).

<i>Effect in thousands of soles</i>	Profit or loss for the period 2023		Profit or loss for the period 2022	
	Improvement	Weakening	Improvement	Weakening
US\$ (5% movement)	9,177	-9,177	11,885	-11,885
US\$(10% movement)	18,354	-18,354	23,770	-23,770

B. Credit risk

Credit risk is the risk that a financial loss will be incurred if a counterparty to a financial instrument or commercial contract fails to discharge its obligations. The Company is exposed to the credit risk from its operating activities (especially from trade debtors) and financial activities, including deposits held in 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 June 30, 2023 is represented by the sum of the items of cash and cash equivalents, and trade and other accounts receivable.

C. Liquidity risk

The Company monitors the risk of a deficit of funds using a liquidity planning tool on a recurring basis.

Notes to the financial statements (continued)

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

<i>In thousands of soles</i>	Carrying Amount	As of June 30, 2023			Total
		Less than 12 months	2 - 3 years	4 - 8 years	
Trade and other accounts payable	275,595	275,595	-	-	275,595
Other financial liabilities:					
Amortization of principal	1,555,167	608,926	797,576	148,665	1,555,167
Cash flows from payment of interest	-	83,661	42,935	3,186	129,782
Total liabilities	1,830,762	968,182	840,511	151,851	1,960,544

<i>In thousands of soles</i>	Carrying Amount	As of December 31, 2022			Total
		Less than 12 months	2 - 3 years	4 - 8 years	
Trade and other accounts payable	519,168	519,168	-	-	519,168
Other financial liabilities:					
Amortization of principal	1,384,131	602,535	734,024	47,572	1,384,131
Cash flows from payment of interest	-	60,870	56,510	511	117,891
Total liabilities	1,903,299	1,182,573	790,534	48,083	2,021,190

D. Capital management

As of June 30, 2023 and December 31, 2022, there were no modifications to the objectives, policies or processes related to capital management.

21. Fair Values

A. Financial instruments measured at fair value and fair value hierarchy

The following table shows an analysis of financial instruments that are measured at fair value at the reporting date, including the level of the fair value hierarchy. The amounts are based on balances recognized in the statement of financial position:

<i>In thousands of soles</i>	Level 2	Total
June 30, 2023		
Financial assets		
Derivative financial instruments	3,289	3,289
Total financial assets	3,289	3,289

Notes to the financial statements (continued)

<i>In thousands of soles</i>	Level 2	Total
December 31, 2022		
Financial assets		
Derivative financial instruments	2,557	2,557
Total financial assets	2,557	2,557

B. Financial instruments not measured at fair value

Below are the other financial instruments that are measured at amortized cost and which fair value is disclosed in this note, as well as the level of such fair value in the accounting hierarchy.

Level 1

- Cash and cash equivalents are not significantly exposed to credit or interest rate risks. Therefore, their carrying amounts approximate their fair value.
- Accounts receivable are net of the estimated provision for bad debts and have mainly maturities of less than three (3) months. Therefore, in the opinion of the Management, their fair value does not differ materially from their carrying amount.
- Trade and other accounts payable have current maturities; for this reason, in the opinion of the Management, their accounting balance approximates their fair value.

Level 2

- The fair values of the other financial liabilities have been determined comparing the market interest rates at their initial recognition and the current market rates related to similar financial instruments. The table below provides a comparison between the carrying amounts and the fair values of these financial instruments:

<i>In thousands of soles</i>	As of June 30, 2023		As of December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Bank promissory notes	643,485	669,770	371,900	348,645
Other financial liabilities	875,179	868,223	1,012,231	875,279

22. Subsequent Events

No other significant financial and accounting events have occurred after June 30, 2023 that could affect the interpretation of these financial statements.