

UNACEM Perú S.A.

**UN-AUDITED Interim Financial Information
As of September 30th, 2023**



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

	Notes	As of September 30th, 2023	As of December 31st, 2022
Assets			
Current Assets			
Cash and cash equivalents	4	66,822	60,708
Other Financial Assets		0	0
Trade and other accounts receivable	5	449,605	339,402
Trade Accounts Receivable, net		82,523	74,373
Other Accounts Receivable, net		10,031	27,346
Accounts Receivable from Related Companies		339,038	222,371
Advanced payments		18,013	15,312
Inventories	6	586,459	542,726
Biological Assets		0	0
Assets by Income Taxes		0	0
Other Non-Financial Assets		6,014	4,382
Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners		1,108,900	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		1,108,900	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	3,651,258	3,665,737
Intangible Assets, net		3,073	3,287
Assets Deferred Income Tax		0	0
Surplus value		9,746	9,746
Deferred active by clearing	8	93,047	95,861
Total Non-current Assets		3,757,124	3,774,631
TOTAL ASSETS		4,866,024	4,721,849

	Notes	As of September 30th, 2023	As of December 31st, 2022
Liabilities and Stocholders' Equity			
Current Liabilities			
Other Financial Liabilities	10	1,007,452	602,535
Trade and other accounts payable		303,058	519,168
Trade Accounts Payable	9	175,211	181,666
Other Accounts Payable	9	58,828	47,134
Accounts payable to related companies	9	38,612	119,925
Deferred Income		7,066	6,875
Provision for Employee Benefits		0	0
Other provisions		37,562	48,467
Income Tax Liabilities	9	30,407	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		1,355,138	1,177,045
Liabilities included in asset groups classified as held for sale		0	0
Total Current Liabilities		1,355,138	1,177,045
Non-Current Liabilities			
Other Financial Liabilities	10	584,917	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		19,320	26,243
Liability for Deferred Income Tax	11	371,017	385,397
Other non-financial liabilities	20,A,i	0	0
Total Non-Current Liabilities		975,254	1,193,236
Total Liabilities		2,330,392	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		70,058	42,146
Accrued Results		294,815	139,200
Other Equity Reserves		14,274	13,737
Total Stockholders' Equity		2,535,632	2,351,568
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		4,866,024	4,721,849



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

	Notes	For the cumulative period from January 1st to September 30th, 2023	For the cumulative period from January 1st to September 30th, 2022
Incomes from ordinary activities	13	2,035,083	2,104,598
Cost of Sales	14	-1,342,065	-1,326,447
Profit (Loss) Gross		693,018	778,151
Sales Expenses		-39,760	-48,350
Administrative expenses	15	-111,826	-123,713
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-
Other Income	16	31,200	14,199
Other Expenses	16	-111,604	-112,566
Other profit (loss)		-	-
Profit (Loss) from operating activities		461,028	507,721
Financial Income		6,294	2,797
Financial Expenses	17	-70,640	-56,199
Exchange differences, net	20.A (ii)	6,637	17,578
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		403,319	471,897
Income tax expenses	11(a)	-124,202	-138,437
Profit (Loss) Net of Continued Operations		279,117	333,460
Profit (loss) net of the tax to the profit from discontinued operations		-	-
Profit (loss) net of the year		279,117	333,460



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

	Notas	For the cumulative period from January 1st to September 30th, 2023	For the cumulative period from January 1st to September 30th, 2022
Net Profit (Loss) of the year		279,117	333,460
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		762	29,430
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		-225	-8,682
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		537	20,748
Other Comprehensive Income		537	20,748
Total Comprehensive Income for the period , net of income tax		279,654	354,208



UNACEM PERU S.A.
Statement of Cash Flow

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

	Notes	As of January 1st, 2023 to September 30th, 2023	As of January 1st, 2022 to September 30th, 2022
Operating activities cash flows			
Types of cash collections from operating activities			
Sale of Goods and Services		2,408,824	2,318,419
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		-1,577,580	-1,328,419
Contracts held for brokering or trading purposes		0	0
cash payments to and on behalf of employees		-225,372	-179,736
Elaboration or acquisition of assets to be leased and other assets held for sale		0	0
Other Cash Payments Related to Operating Activity		-112,083	-171,721
Cash flows and cash equivalents from (used in) Operating Activities		493,789	638,543
Interests received (not included in the Investment Activities)		0	0
Interests paid (not included in the Investment Activities)		-63,709	-41,884
Dividends Received (not included in the Investment Activities)		0	0
Dividends Paid (not included in the Investment Activities)		0	0
Income tax (paid) reimbursed		-274,709	-28,949
Other cash collections (payments)		-95,632	-177,743
Cash flows and cash equivalents from (used in) Operating Activities		59,739	389,967
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		-126,419	-102,966
Purchase of intangible assets		0	-1,134
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		-126,419	-104,100



UNACEM PERU S.A.
Statement of Cash Flow

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

	Notes	As of January 1st, 2023 to September 30th, 2023	As of January 1st, 2022 to September 30th, 2022
Cash flows from Financing activities			
Type of cash collections from financing activities			
Loan securing		876,503	76,871
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		-666,842	-156,766
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		-136,930	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		72,731	-79,895
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		6,051	205,972
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		63	1,453
Increase (Decrease) in Net Cash and Cash Equivalents		6,114	207,425
Cash and cash equivalents at beginning of year		60,708	10
Cash and cash equivalents at end of year		66,822	207,435



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

	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	Other Equity Reserves				Subtotal	Total Stockholders' Equity
											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								13,737	2,351,558
Balance as of December 31 2022	2,156,485	-	-	-	42,146	139,200	13,737								13,737	2,351,568
Balance as of January 1, 2023	2,156,485	-	-	-	42,146	139,200	13,737								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								13,737	2,351,568
4. Changes in Stockholders' Equity:																
5. Comprehensive Income:																
6. Gain (Loss) for the year						279,117										279,117
7. Other Comprehensive Income:						-	537									537
8. Comprehensive Income - Total year						279,117	537								537	279,654
9. Cash Dividends Declared						-95,590										-95,590
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					27,912	-27,912										-
Total Equity Increase (decrease)	-	-	-	-	27,912	155,615	537								537	184,064
Balance as of September 30th, 2023	2,156,485	-	-	-	70,058	294,815	14,274								14,274	2,535,632

UNACEM Perú S.A.
UNAUDITED Interim Financial Statements
As of September 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 directly owns 100% of 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, Peru.

The Company’s main activity is the production and marketing of clinker and cement within the country and for export. To this end, the Company has two plants located in the departments of Lima and Junin, 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 third quarter of 2023 have been issued with the authorization of the Company’s Management and shall be submitted for approval at the meeting to be held on October 23, 2023. The financial statements for the year 2022 were approved in the Shareholders’ Meeting held on March 30, 2023.

2. Summary of Significant Accounting Policies

The accounting policies used in the preparation of the interim financial statements are consistent with the policies applied in the preparation of the annual financial statements of the Company 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 Soles** and all amounts have been rounded to thousand (PEN 000), unless otherwise indicated.

The interim financial statements provide comparative information in respect of 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 of 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). As of September 30, 2023, the weighted average free-market exchange rates for transactions in Soles were PEN 3.790 (buying rate) and PEN 3.797 (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 September 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 September 30, 2023	As of December 31, 2022
Assets		
Cash and cash equivalents	1,582	7,409
Financial instruments and derivatives	988	669
Trade and other accounts receivable	46,886	32,123
	49,456	40,201
Liabilities		
Trade and other accounts payable	(16,524)	(800)
Other financial liabilities	(87,000)	(101,500)
	(103,524)	(102,300)
Net liability position	(54,068)	(62,099)

The Company manages the exchange rate risk by monitoring and controlling the amounts of currencies other than the functional currency that are exposed to changes in the exchange rates.

As of September 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 September 30 2023	As of December 31 2022
Fixed funds	23	10
Checking accounts (a)	42,348	43,144
Time deposits (b)	24,451	17,554
	66,822	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; said deposits 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 September 30, 2023	As of December 31, 2022
Trade		
Trade accounts receivable (a)	82,523	74,373
Related		
Accounts receivable (18 b)	339,038	222,371
Other		
Advance payments to suppliers (b)	18,013	15,312
VAT tax credit	496	18,143
Loans to employees	4,047	5,554
Hedging financial instruments (20A i)	3,319	2,557
Other accounts receivable	4,617	2,684
	452,053	340,994
Less – Expected credit loss	(2,448)	(1,592)
	449,605	339,402

- (a) Trade accounts receivable are mainly denominated in Soles, have current maturities, do not bear interest, and are not backed by significant specific guarantees.
- (b) As of September 30, 2023 and December 31, 2022, it refers to advance payments made to suppliers for the purchase of supplies, and the provision of different services. These advance payments shall be applied in the short term.

6. Inventories

This caption comprises the following:

<i>In thousands of Soles</i>	As of September 30, 2023	As of December 31, 2022
Finished products	22,537	20,311
In-process products	215,602	167,148
Raw and auxiliary materials (a)	132,419	114,450
Containers and packaging	37,635	62,542
Spare parts and supplies	193,969	193,638
	602,162	558,089
Estimate for inventory impairment (b)	(15,703)	(15,363)
	586,459	542,726

- (a) Raw and auxiliary materials primarily include gypsum, coal and imported clinker. As of September 30, 2023, the Company has a stock of imported coal for approximately PEN 42,282,000 (PEN 35,534,000 as of December 31, 2022).
- (b) In the opinion of the Company's Management, the estimate for inventory impairment properly covers the inventory impairment risk as of September 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 September 30, 2023	As of December 31, 2022
Cost - Opening balance	6,043,482	-
Transfer due to reorganization	-	5,827,221
Additions (a)	149,953	220,254
Write-offs	(1,287)	(2,266)
Adjustments	1,493	(1,727)
Closing balance	6,193,641	6,043,482
Accumulated depreciation - Opening balance	2,377,745	-
Transfer due to reorganization	-	2,157,667
Depreciation for the period (b)	165,762	221,972
Write-offs	(1,124)	(1,894)
Closing balance	2,542,383	2,377,745
Net carrying amount:	3,651,258	3,665,737

- (a) As of September 30, 2023, the main additions refer to disbursements made for the kiln 3 cooler dedusting system projects at the Condorcocha plant. Moreover, the expansion of the product packaging and dispatch capacity continues at both plants: Atocongo and Condorcocha. The total amount of the indicated projects is approximately PEN 62,462,000.

During 2022, the main additions refer to disbursements made for the following projects: (i) expansion of product packaging and dispatch capacity in both plants, (ii) kiln 3 cooler dedusting system, both in the Condorcocha plant, and the following projects in the Atocongo plant (iii) structural reinforcement and improvement of the unloading system, (iv) improvements in cement mills and primary crusher. The total amount of these projects is PEN 80,449,000 approximately.

- (b) As of September 30, 2023 and 2022, depreciation has been distributed as follows:

<i>In thousands of Soles</i>	<i>Note</i>	As of September 30, 2023	As of September 30, 2022
Cost of sales	14	158,736	158,701
Administrative expenses	15	2,717	5,242
Selling expenses		219	445
Other expenses		4,090	2,002
		165,762	166,390

Notes to the financial statements (continued)

8. Deferred Asset related to Stripping

This caption comprises the following:

<i>In thousands of Soles</i>	<i>Note</i>	As of September 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	2,814	6,667
Closing balance		71,865	69,051
Net carrying amount		93,047	95,861

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

9. Trade and Other Accounts Payable

This caption comprises the following:

<i>In thousands of Soles</i>	As of September 30, 2023	As of December 31, 2022
Trade accounts receivable (a)	175,211	181,666
Accounts payable to related parties 18(b)	38,612	119,925
Interest payable 10(b) and 10.1(c)	22,693	16,729
Compensations, bonuses and vacations payable	17,799	13,833
Employee contributions payable	3,118	5,109
Interest on financial instruments payable	-	144
Income tax payable	30,407	170,443
Board of directors' compensation payable	2,589	3,626
Other accounts payable	12,629	7,693
	303,058	519,168

- (a) Trade accounts payable primarily arise from mineral extraction and purchase of fuels and additives for the Company's production, are denominated in local and foreign currency, have current maturities, do not bear interest, have short maturities, and are not backed by guarantees.

10. Other Financial Liabilities

(a) This caption comprises the following:

<i>In thousands of Soles</i>	As of September 30, 2023			As of December 31, 2022		
	Current Portion	Non-current Portion	Total	Current Portion	Non-current Portion	Total
Bank promissory notes (b)	760,865	-	760,865	371,900	-	371,900
Bank loans (10.1)	246,587	584,917	831,504	230,635	781,596	1,012,231
	1,007,452	584,917	1,592,369	602,535	781,596	1,384,131

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

As of September 30, 2023 and December 31, 2022, the balance by bank entity is as follows:

<i>In thousands of Soles</i>	Original Currency	Maturity	As of September 30, 2023	As of December 31, 2022
Financial Entity				
Scotiabank Perú S.A.	Soles	August 2024	230,000	-
Banco de Crédito del Perú	Soles	September 2024	360,000	-
Banco Internacional del Perú S.A.A.	Dollars	November 2023	170,865	171,900
Banco de Crédito del Perú	Soles	June 2023	-	200,000
			760,865	371,900

As of September 30, 2023 and December 31, 2022, interest payable on bank promissory notes amounted to approximately PEN 15,149,000 and PEN 8,434,000, respectively, and are registered in the statement of financial position under "Trade and other accounts payable," note 9. As of September 30, 2023 and 2022, interest expense from bank promissory notes amounted to approximately PEN 32,539,000 and PEN 6,271,000, respectively, and are recognized in the income statement under "Financial expenses."

Notes to the financial statements (continued)

10.1 Bank loans

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

<i>In thousands of Soles</i>	Maturity	Guarantee	As of September 30, 2023	As of December 31, 2022
Bank loans (b) and (d)-				
Banco de Crédito del Perú	October 2026	Not backed by guarantee	98,752	105,900
Scotiabank Perú S.A.	October 2024, March 2025 and January 2027	Not backed by guarantee	234,768	318,500
Banco Internacional del Perú S.A.A.	January 2027	Not backed by guarantee	115,700	127,400
BBVA Banco Continental	January 2027	Not backed by guarantee	225,043	247,800
Citibank (a.1)	October 2025	Not backed by guarantee	113,910	152,800
Bank of Nova Scotia (a.1)	September 2025	Not backed by guarantee	45,564	63,030
			833,737	1,015,430
Amortized cost			(2,233)	(3,199)
Total			831,504	1,012,231
Less - Current portion			246,587	230,635
Non-current portion			584,917	781,596

(a.1) The Company maintains swap contracts to reduce the floating 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. Furthermore, as part of the reorganization agreements, the Parent Company has provided a guarantee for the bank loans transferred to the Company up to a limit of PEN 833,737,000 and PEN 1,015,430,000 as of September 30, 2023 and December 31, 2022, respectively.

(b) The financial covenants applicable to local financial liabilities are monitored quarterly and must be calculated based on (i) the separate quarterly financial information of the Company, and 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 September 30, 2023, based on the Company's financial information, the main financial covenants fluctuate between the following ratios or coefficients:

- Maintain a debt-to-equity 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 coverage or financial debt/EBITDA ratio less than 3.5 times.

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

(c) As of September 30, 2023, and December 31, 2022, interest payable on medium- and long-term debt to bank entities amounted to approximately PEN 7,544,000 and PEN 8,295,000, respectively, and are registered in the statement of financial position under "Trade and other accounts payable," note 9.

Interest on medium- and long-term debt to bank entities as of September 30, 2023 and 2022 amounted to approximately PEN 33,771,000 and PEN 38,820,000, respectively, and is recorded in the income statement under "Financial expenses."

(d) As of September 30, 2023, the Company maintained bank loans in Soles at annual lending interest rates ranging from 4.10 to 4.92%.

As of September 30, 2023 and December 31, 2022, bank loans in dollars are at a floating rate plus a margin; as of September 30, the Company agreed with the financial entities to change the floating rate applicable

Notes to the financial statements (continued)

to both loans, from 3-month LIBOR plus a margin ranging from 1.75 to 2.60% to 3-month SOFR plus a margin ranging from 2.01 to 2.86%.

11. Deferred Income Tax Liability

This caption comprises the following:

<i>In thousands of Soles</i>	As of September 30, 2023	As of December 31, 2022
Deferred assets		
Provision for inventory impairment	4,632	4,532
Provision for vacation	329	569
Provision for quarry closure	4,341	6,536
Audit fees	89	109
Amortization of intangibles	637	801
Pre-operating expenses	6,848	6,848
	16,876	19,395
Deferred liability		
Difference between tax base and fixed asset depreciation	(330,766)	(346,732)
Deferred asset related to stripping	(27,785)	(28,616)
Capitalized interest	(26,835)	(27,359)
Derivative financial instruments	(1,104)	(754)
Other provisions	(811)	(506)
Deferred fees from financial obligations	(592)	(825)
	(387,893)	(404,792)
Deferred Income Tax Liability, net	(371,017)	(385,397)

- (a) The income tax expense shown in the income statement as of September 30, 2023 comprises the following:

<i>In thousands of Soles</i>	As of September 30, 2023	As of September 30, 2022
Current	(135,196)	(161,711)
Deferred	14,603	25,971
Mining royalty expense	(3,609)	(2,697)
	(124,202)	(138,437)

Notes to the financial statements (continued)

12. Net Stockholders' Equity

A. Capital stock

As of September 30, 2023 and December 31, 2022, the capital stock is represented by 2,156,485,445 fully subscribed and paid-in common shares with a face value of PEN 1 each.

As of September 30, 2023 and December 31, 2022		
Shareholders	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

The Business Corporations Act requires that no less than 10% of each year's distributable profits, less the income tax, be transferred 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 must be replenished in both cases.

C. Unrealized profits/losses

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

D. Retained earnings – dividends declared

The Board of Directors' meetings held on January 25, 2023, April 27, 2023, and July 26, 2023 declared dividends on account of the retained earnings for 2022 in the amounts of PEN 29,303,000, PEN 36,189,000, and PEN 30,098,000.

13. Revenue

This caption comprises the following:

<i>In thousands of Soles</i>	As of September 30, 2023	As of September 30, 2022
Sale of cement	1,888,099	1,964,996
Export of clinker (a)	100,035	82,219
Sale of blocks, concrete pavement and others (b)	46,949	57,383
	2,035,083	2,104,598
Timing of revenue recognition		
Services transferred at a point in time	2,035,083	2,104,598
	2,035,083	2,104,598

(a) It refers to the export of the raw material to customers located in South America.

(b) It mainly refers to the sales made to Unión de Concreteras S.A. and Concremax S.A., which are 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 September 30, 2023	As of September 30, 2022
Initial inventory of finished and in-process products	6	187,459	164,106
Cost of production			
Fuel		343,973	338,669
Depreciation	7(b)	158,736	158,701
Personnel expenses		139,880	131,853
Consumption of raw materials		131,764	125,798
Maintenance of furnaces, machinery and equipment		156,879	137,079
Electric energy		98,243	100,425
Transportation of raw materials		57,456	62,302
Containers		79,870	82,412
Depreciation of deferred asset related to stripping	8	2,814	5,076
Other manufacturing expenses		222,790	187,872
Final inventory of finished and in-process products	6	(238,139)	(171,390)
		1,341,725	1,322,903
Estimate for inventory impairment		340	3,544
		1,342,065	1,326,447

15. Administrative Expenses

This caption comprises the following:

<i>In thousands of Soles</i>	<i>Note</i>	As of September 30, 2023	As of September 30, 2022
Personnel expenses		62,563	71,548
Services provided by third parties		13,118	19,377
Donations		21,406	12,149
Taxes		7,466	8,735
Depreciation	7(b)	2,717	5,242
Amortization of intangibles		9	9
Others		4,547	6,653
		111,826	123,713

16. Other Revenue and other Expenses

As of September 30, 2023 and 2022, a provision was made for royalties in favor of the Parent Company for approximately PEN 84,284,000 and PEN 88,425,000, respectively.

17. Financial Expenses

It mainly refers to interest on medium- and long-term debt to bank entities. As of September 30, 2023 and 2022, it amounts to approximately PEN 66,310,000 and PEN 45,091,000, respectively. See note 10(b) and 10.1(c).

Notes to the financial statements (continued)

18. Transactions with Related Companies

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

<i>In thousands of Soles</i>	<i>Note</i>	As of September 30, 2023	As of September 30, 2022
Revenue			
Revenue from sale of cement			
La Viga S.A.		433,394	440,907
Unión de Concreteras S.A.		177,783	135,489
Concremax S.A.		18,489	34,670
Prefabricados Andinos Perú S.A.C.		704	723
Asociación UNACEM		258	178
Revenue from sale of blocks, pavements and others			
Unión de Concreteras S.A.		43,880	53,978
Concremax S.A.		1,002	2,390
Drake Cement LLC		2,067	1,015
Revenue from administrative, information technology and management support			
Compañía Eléctrica el Platanal S.A.		289	1,267
UNACEM Corp S.A.A.		3,597	412
Prefabricados Andinos Perú S.A.C.		463	418
Digicem S.A.		206	11
Inversiones Nacionales y Multinacionales Andinas S.A.		192	-
Drake Cement LLC		-	309
Vigilancia Andina S.A.		101	115
Generación Eléctrica Atocongo S.A.		124	124
Depósito Aduanero Conchán S.A.		95	95
UNACEM Chile S.A.		212	39
Others		95	49
Revenue from rental of plant, premises and equipment			
Unión de Concreteras S.A.		184	305
UNACEM Corp S.A.A.		-	160
Depósito Aduanero Conchán S.A.		218	223
Prefabricados Andinos Perú S.A.C.		140	140
ARPL Tecnología Industrial S.A.		48	41
Vigilancia Andina S.A.		32	32
Others		33	71
Revenue from sale of clinker			
UNACEM Corp S.A.A.		-	26,322
Unicon Chile S.A.		-	16,537
UNACEM Chile S.A.		61,919	39,360
Revenue from loan interest			
UNACEM Corp S.A.A.		2,647	857
Other revenue			
UNACEM Corp S.A.A.		28	49
Compañía Eléctrica el Platanal S.A.		1,090	-
Inversiones Nacionales y Multinacionales Andinas S.A.		110	4
Others		42	50
Purchases and costs			
Dividends			
UNACEM Corp S.A.A.		95,589	90,705
Royalties			
UNACEM Corp S.A.A.		84,284	88,425
Purchase of electric energy			

Notes to the financial statements (continued)

<i>In thousands of Soles</i>	<i>Note</i>	As of September 30, 2023	As of September 30, 2022
Compañía Eléctrica el Platanal S.A.		82,998	91,688
Contract manufacturing (<i>maquila</i>) service			
Unión de Concreteras S.A.		14,818	19,979
Concremax S.A.		618	1,392
Fees and freights from sale of cement			
La Viga S.A.		28,767	24,796
Surveillance services			
Vigilancia Andina S.A.		16,331	17,388
Donation			
Asociación UNACEM		21,049	11,911
Technical assistance and consulting services			
ARPL Tecnología Industrial S.A.		19,172	19,417
Purchase of auxiliary materials			
UNACEM Corp S.A.A.		4,517	37,666
Unión de Concreteras S.A.		4,383	5,230
Concremax S.A.		-	156
Project management and engineering services			
ARPL Tecnología Industrial S.A.		8,861	8,456
Prefabricated works			
Prefabricados Andino Perú S.A.C.		4,990	6,311
Thermal plant operation service			
Generación Eléctrica Atocongo S.A.		2,566	2,569
Warehouse management service			
Depósito Aduanero Conchán S.A.		2,649	2,385
Expense reimbursement			
Unión de Concreteras S.A.		5,977	3,603
UNACEM Corp S.A.A.		4,745	4,018
ARPL Tecnología Industrial S.A.		588	434
Others			
Inversiones Nacionales y Multinacionales Andinas S.A.		750	81
Unión de Concreteras S.A.		203	257
Drake Cement LLC		177	121
Digicem S.A.		114	-
Prefabricado Andino Perú S.A.C.		19	133
UNACEM Corp. S.A.A.		13	28
Compañía de Inversiones Santa Cruz S.A.		14	14
Master Builders Solutions Peru S.A.		-	11

- (b) As a result of this and other minor transactions, as of September 30, 2023 and December 31, 2022, the Company records the following balances with its related companies:

<i>In thousands of Soles</i>	<i>Note</i>	As of September 30, 2023	As of December 31, 2022
Accounts receivable			
UNACEM Chile S.A.		126,850	78,213
Unión de Concreteras S.A.		67,973	73,734
La Viga S.A.		37,972	37,104
UNACEM Corp. S.A.A.		93,982	120
UNICON Chile S.A.		5,451	18,805
Concremax S.A.		216	8,749
Drake Cement LLC		2,100	2,201
Minera Adelaida S.A.		3,553	1,750
Prefabricados Andinos Perú S.A.C.		62	649

Notes to the financial statements (continued)

<i>In thousands of Soles</i>	<i>Note</i>	As of September 30, 2023	As of December 31, 2022
Compañía Eléctrica El Platanal S.A.		749	917
Depósito Aduanero Conchán S.A.		42	45
Generación Eléctrica de Atocongo S.A.		16	21
Inversiones Nacionales y Multinacionales Andinas S.A.		8	13
Vigilancia Andina S.A.		17	3
DIGICEM S.A.		13	18
Asociación UNACEM		3	1
Others		31	28
Total accounts receivable	5	339,038	222,371
Accounts payable			
UNACEM Corp. S.A.A.		9,899	75,878
Compañía Eléctrica El Platanal S.A.		9,285	13,452
Unión de Concreteras S.A.		6,596	13,379
ARPL Tecnología Industrial S.A.		4,349	9,046
La Viga S.A.		4,366	4,490
Asociación UNACEM		3,137	-
Depósito Aduanero Conchán S.A.		408	758
Concremax S.A.		255	577
Drake Cement LLC		182	241
Vigilancia Andina S.A.		12	2,037
Others		123	67
Total accounts payable	9	38,612	119,925

The Company carries out its operations with related companies under the same conditions as those agreed with third parties; therefore, there are no differences in the pricing policies or in the tax settlement base. Concerning forms of payment, they do not differ from policies granted to third parties.

- (c) The total compensations received by directors and key Management officers as of September 30, 2023 amounted to approximately PEN 22,697,000 (PEN 19,461,000 as of September 30, 2022), which includes short-term benefits and severance payment (CTS).

19. Commitments and Contingencies

A. Financial commitments

As of September 30, 2023, the Company's main financial commitments include:

- Letter of guarantee issued in favor of the Ministry of Energy and Mines (MEM) by Banco Internacional del Perú S.A.A., in the total amount of approximately USD 1,209,000, equivalent to PEN 4,591,000, maturing in December 2023 and January 2024, in order to guarantee compliance with the Mine Closure Plan of its mining concessions.
- Letter of guarantee issued in favor of the Ministry of Production by Banco Internacional del Perú S.A.A., in the total amount of approximately USD 6,383,000, equivalent to PEN 24,236,000, maturing in December 2023 and January 2024, in order to guarantee compliance with the Mine Closure Plan of its mining concessions.
- Letters of guarantee issued in favor of the National Superintendency of Tax Administration (SUNAT), maturing in November 2023 and January 2023, in order to guarantee the customs tax debt.
- Letters of guarantee in favor of third parties, in the total amount of PEN 627,000, maturing in December 2023 and April 2024.

Notes to the financial statements (continued)

B. Tax situation

Tax rates

- (a) The Company is subject to the Peruvian tax system. As of September 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 Peru, 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 General Income Tax System 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 started operations in 2022, it has not calculated ITAN for that period: it will be applicable as from this year 2023 (calculated based on information from 2022). The ITAN calculated for 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 considered 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 must comply with the benefit test and submit the requested documentation and information under the conditions required to deduct the cost or expense.

The Company submitted the Local Report for 2022 in June 2023.

Notes to the financial statements (continued)

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

Tax review by the Tax Authority

- (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 filed for the years 2021 and 2022 and the monthly value added tax returns for the periods from January 2022 to September 2023 are open for review by the Tax Authority.
- (f) As of September 30, 2023, the Company recorded an income tax provision amounting to PEN 135,196,000 and made advance payments for PEN 274,709,000. As of September 30, 2023, the net balance payable for PEN 30,407,000 is recognized in the statement of financial position under "Trade and other accounts payable."

C. Mining royalties

This information remains the same as that contained in the note to the annual financial statements as of December 31, 2022.

As of September 30, 2023, the mining royalty paid to the Peruvian State amounts to approximately PEN 3,609,000.

The payments for this mining royalty are deductible for assessment of the income tax for the year in which payments are made.

D. Environmental commitments

The Company's activities are subject to the environmental protection laws. Such laws remain the same as 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 the market, credit and liquidity risks.

The Company's Senior Management oversees the management of these risks. For this purpose, the Senior Management is supported by the Financial Management, who advises them on the financial risks and the appropriate corporate framework for managing the Company's financial risk. The Financial Management provides assurance to the Company's Senior Management that the Company's financial risk-taking activities are regulated 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, commodity price risk, and other price risks; these will affect the Company's results or the value of its financial instruments. The objective of Management is to manage and control market risk exposures within established parameters, while optimizing returns.

The sensitivity analyses contained in the sections below relate to the financial position as of September 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 of debt and derivative financial instruments, and the proportion of financial instruments in foreign currency, are all constant as of September 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 floating interest rates.

The Company minimizes this risk by using interest rate swap contracts (hedging derivative financial instrument) as a hedge against variability in the cash flows attributable to interest rate movements.

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

Notes to the financial statements (continued)

▪ Hedging derivative financial instruments

As of September 30, 2023 and December 31, 2022, the Company maintains two interest rate swap contracts designated as cash flow hedges and recorded at fair value. The details of these transactions are as follows:

<i>In thousands of Soles</i>	Reference Amount USD(000)	Maturity	Receives floating at:	Pays fixed at:	Fair value	
					As of September 30, 2023	As of December 31, 2022
Assets						
Citibank N.A.	50,000	October 2025	3-month SOFR + 2.01% (*)	5.730%	2,175	1,130
Bank of Nova Scotia	30,000	September 2025	3-month SOFR + 2.86% (*)	5.695%	1,144	1,427
					3,319	2,557

(*) As of September 30, the 3-month LIBOR rate was changed to 3-month SOFR (Note 10.1 (d)).

The effective portion of changes in the fair value of derivative financial instruments that qualify as hedges is recognized as assets or liabilities, with an impact on equity. The effect recognized under “Unrealized profits/losses” in the statement of comprehensive income as of September 30, 2023 and December 31, 2022 amounts approximately to PEN 537,000 and PEN 13,737,000, respectively, and is recorded net of the effect on income tax.

The balance as of September 30, 2023 and December 31 amounts to PEN 3,319,000 and PEN 2,557,000, respectively, and is recorded under “Trade and other accounts receivable” (see note 5).

Likewise, as of September 30, 2023, the Company recognized a financial income for these derivative financial instruments in the amount of approximately PEN 1,913,000, and as of June 30, 2022, the Company recognized a financial expense in the amount of approximately PEN 7,123,000; said amounts were actually paid during the year and are presented in the income statement under “Financial income” and “Financial expenses,” respectively.

Notes to the financial statements (continued)

Sensitivity to interest rate

The table below shows the sensitivity to a reasonably possible change in interest rates on the loan portion, after the impact of hedge accounting. With all other variables held constant, the Company's profit before income tax would be affected by the impact on floating-rate loans, as described below:

<i>In thousands of Soles</i>	Impact on profit before income tax	
	As of September 30, 2023	As of December 31, 2022
Increase / decrease in basis points		
-10%	(850)	(843)
+10%	850	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 changes 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 borrowing of funds in U.S. dollars.

The Management monitors this risk by analyzing the country's macroeconomic variables. As of September 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 September 30, 2023 and 2022, the fact of having balances in foreign currency represented for the Company a net gain of approximately PEN 6,637,000 (gain of approximately PEN 24,854,000 and loss of approximately PEN 18,217,000) and PEN 17,578,000 (gain of approximately PEN 147,415,000 and loss of approximately PEN 129,837,000), respectively; they are recognized in the income statement under "Exchange difference, net." Note 3 details the Company's position in foreign currency.

Sensitivity to exchange rate

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

<i>Effect in thousands of Soles</i>	Profit/loss for the period 2023		Profit/loss for the period 2022	
	Strengthening	Weakening	Strengthening	Weakening
USD (5% movement)	10,282	(10,282)	11,885	(11,885)
USD (10% movement)	20,564	(20,564)	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 (in particular, due to commercial 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 financial statements as of September 30, 2023 is represented by the sum of the items of cash and cash equivalents, and trade and other accounts receivable.

Notes to the financial statements (continued)

C. Liquidity risk

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

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 profile 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 September 30, 2023			Total
		Less than 12 months	2 - 3 years	4 - 8 years	
Trade and other accounts payable	303,058	303,058	-	-	303,058
Other financial liabilities:					
Amortization of principal	1,592,369	1,007,452	486,597	98,320	1,592,369
Cash flows from payment of interest	-	85,706	30,684	1,573	117,963
Total liabilities	1,895,427	1,396,216	517,281	99,893	2,013,390

<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 September 30, 2023 and December 31, 2022, there were no changes in 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 contains an analysis of the financial instruments that are measured at fair value at the reporting date, including their level in the fair value hierarchy. The amounts are based on the balances shown in the statement of financial position:

<i>In thousands of Soles</i>	Level 2	Total
September 30, 2023		
Financial assets		
Derivative financial instruments	3,319	3,319
Total financial assets	3,319	3,319

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

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

Level 1

- Cash and cash equivalents do not represent a significant credit or interest rate risk; 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 Management opinion, 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 Company's Management, their accounting balance approximates their fair value.

Level 2

- The fair values of the other financial liabilities have been determined by 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 September 30, 2023		As of December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Bank promissory notes	760,865	784,930	371,900	348,645
Other financial liabilities	831,504	818,873	1,012,231	875,279

22. Subsequent Events

No significant financial and accounting events have been identified after September 30, 2023 that could affect the interpretation of these financial statements.