

UNACEM Perú S.A.

UN-AUDITED Interim Financial Information
As of December 31th, 2023 and 2022



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

	Notes	As of December 31st, 2023	As of December 31st, 2022
Assets			
Current Assets			
Cash and cash equivalents	4	32,991	60,708
Other Financial Assets		-	-
Trade and other accounts receivable	5	372,095	339,402
Trade Accounts Receivable , net		82,063	74,373
Other Accounts Receivable , net		22,756	27,346
Accounts Receivable from Related Companies		242,659	222,371
Advanced payments		24,617	15,312
Inventories	6	586,130	542,726
Biological Assets		-	-
Assets by Income Taxes		-	-
Other Non-Financial Assets		2,726	4,382
Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners		993,942	947,218
Non-current assets or groups of assets for disposal Classified as Held for Sale		-	-
Non-current assets or groups of assets for its classified as held for distribution to owners		-	-
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		993,942	947,218
Non-Current Assets			
Other Financial Assets		4,198	-
Investments in subsidiaries, joint ventures and associates		-	-
Trade Accounts Receivables and other accounts receivables	5	1,263	-
Trade Accounts Receivable		-	-
Other Accounts Receivable		-	-
Accounts Receivable from Related companies		-	-
Advanced payments		1,263	-
Biological Assets		-	-
Investment Property		-	-
Mining concessions and property, plant and equipment	7	3,708,642	3,665,737
Intangible Assets , net		4,553	3,287
Assets Deferred Income Tax		-	-
Surplus value		9,746	9,746
Deferred active by clearing	8	92,211	95,861
Total Non-current Assets		3,820,613	3,774,631
TOTAL ASSETS		4,814,555	4,721,849

	Notes	As of December 31st, 2023	As of December 31st, 2022
Liabilities and Stocholders' Equity			
Current Liabilities			
Other Financial Liabilities	10	466,350	602,535
Trade and other accounts payable		331,959	519,168
Trade Accounts Payable	9	207,599	181,666
Other Accounts Payable	9	41,875	47,134
Accounts payable to related companies	9	55,392	119,925
Deferred Income		9,181	6,875
Provision for Employee Benefits		-	-
Other provisions		43,330	48,467
Income Tax Liabilities	9	27,093	170,443
Other non-financial liabilities		-	-
Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale		850,820	1,177,045
Liabilities included in asset groups classified as held for sale		-	-
Total Current Liabilities		850,820	1,177,045
Non-Current Liabilities			
Other Financial Liabilities	10	1,107,997	781,596
Trade accounts payable and other payable accounts		-	-
Trade Accounts Payable		-	-
Other Accounts Payable		-	-
Accounts payable to related companies		-	-
Deferred Income		-	-
Provision for Employee Benefits		-	-
Other provisions		19,137	26,243
Liability for Deferred Income Tax	11	368,165	385,397
Other non-financial liabilities	20,A,i	-	-
Total Non-Current Liabilities		1,495,299	1,193,236
Total Liabilities		2,346,119	2,370,281
Stockholders' Equity			
Issued Capital	12	2,156,485	2,156,485
Issuance Premiums		-	-
Investment shares		-	-
Treasury Shares in portfolio		-	-
Legal reserve		80,994	42,146
Accrued Results		217,780	139,200
Other Equity Reserves		13,177	13,737
Total Stockholders' Equity		2,468,436	2,351,568
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		4,814,555	4,721,849



UNACEM PERU S.A.
Statement of Profit or Loss
For the period ended December 31st, 2023 and 2022
(In thousands of Soles)

	Notes	For the cumulative period from January 1st to December 31st, 2023	For the cumulative period from January 1st to December 31st, 2022
Incomes from ordinary activities	13	2,743,791	2,834,826
Cost of Sales	14	-1,807,620	-1,804,307
Profit (Loss) Gross		936,171	1,030,519
Sales Expenses		-54,015	-66,838
Administrative expenses	15	-153,071	-172,337
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-
Other Income	16	44,049	25,449
Other Expenses	16	-144,339	-169,030
Other profit (loss)		-	-
Profit (Loss) from operating activities		628,795	647,763
Financial Income		10,898	13,395
Financial Expenses	17	-90,250	-72,927
Exchange differences, net	20.A (ii)	11,362	33,539
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		560,805	621,770
Income tax expenses	11(a)	-172,323	-200,315
Profit (Loss) Net of Continued Operations		388,482	421,455
Profit (loss) net of the tax to the profit from discontinued operations		-	-
Profit (loss) net of the year		388,482	421,455



UNACEM PERU S.A.
Statement of Comprehensive Income
For the period ended December 31st, 2023 and 2022
(In thousands of Soles)

	Notas	For the cumulative period from January 1st to December 31st, 2023	For the cumulative period from January 1st to December 31st, 2022
Net Profit (Loss) of the year		388,482	421,455
Components of other comprehensive income:			
Net Change for Cash Flow Hedges		-	-
Hedges of a Net Investment in a Foreign Operation		-	-
Profit (Loss) in equity instrument investments at fair value		-	-
Exchange difference on translation of Foreign Operations		-	-
Net variation of non-current assets or groups of assets held for sale		-	-
Revaluation Surplus		-	-
Actuarial Gain (Loss) on defined benefit pension plans		-	-
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		-	-
Other Comprehensive Income Pre Tax		-	-
Income tax relating to components of other comprehensive income			
Net Change for Cash Flow Hedges		-794	19,485
Hedges of a Net Investment in a Foreign Operation		-	-
Profit (Loss) in equity instrument investments at fair value		-	-
Exchange difference on translation of Foreign Operations		-	-
Net variation of non-current assets or groups of assets held for sale		-	-
Gains (Losses) for Financial Assets Measured at Fair Value with Changes in Other Comprehensive Income, net of Taxes		234	-5,748
Actuarial Gain (Loss) on defined benefit pension plans		-	-
Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability		-	-
Sum of Income Tax-Related Components of other comprehensive income		-560	13,737
Other Comprehensive Income		-560	13,737
Total Comprehensive Income for the period , net of income tax		387,922	435,192



UNACEM PERU S.A.
Statement of Cash Flow

Direct Method
For the periods ended December 31st, 2023 and June 30th, 2022
(In thousands of Soles)

	Notes	As of January 1st, 2023 to December 31st, 2023	As of January 1st, 2022 to December 31st, 2022
Operating activities cash flows			
Types of cash collections from operating activities			
Sale of Goods and Services		3,242,672	3,174,108
Royalties, fees, commissions and other income from ordinary activities		-	-
Contracts held for brokering or trading purposes		-	-
Lease and subsequent sales of such assets		-	-
Other Cash Receipts Related to Operating Activity		-	-
Types of cash collections from operating activities			
Suppliers of goods and services		-2,071,635	-1,888,473
Contracts held for brokering or trading purposes		-	-
cash payments to and on behalf of employees		-299,722	-259,564
Elaboration or acquisition of assets to be leased and other assets held for sale		-	-
Other Cash Payments Related to Operating Activity		-156,772	-202,861
Cash flows and cash equivalents from (used in) Operating Activities			
Interests received (not included in the Investment Activities)		-	-
Interests paid (not included in the Investment Activities)		-102,836	-57,195
Dividends Received (not included in the Investment Activities)		-	-
Dividends Paid (not included in the Investment Activities)		-	-
Income tax (paid) reimbursed		-326,411	-40,901
Other cash collections (payments)		9,094	-94,343
Cash flows and cash equivalents from (used in) Operating Activities		294,390	630,771
Cash flows from Investment activities			
Type of cash collections from investment activities			
Reimbursement of loan repayment and loans granted to third parties		-	-
Loss of control of subsidiaries or other businesses		-	-
Loan repayments received from related parties		-	-
Sale of Equity-related Financial Instruments or debt of other entities		-	-
Derivatives contracts (Futures, Forwards or Options)		-	-
Sales of Interest in Joint Ventures, Net of the expropriated cash		-	-
Sale of Property, Plant and Equipment		-	-
Sale of intangible assets		-	-
Sale of other long- term assets		-	-
Government Subventions		-	-
Interests received		-	-
Dividends received		-	-
Type of cash payments from investment activities			
Advances and loans granted to third parties		-	-
Controlling interest of subsidiaries and other businesses		-	-
Loans from related		-	-
Purchase of Financial Instruments of equity or debt of other entities		-	-
Derivatives contracts (Futures, Forwards or Options)		-	-
Purchase of Subsidiaries, Net of cash acquired		-	-
Purchase of Joint Venture shares, Net of the cash acquired		-	-
Purchase of Property, Plant and Equipment		-213,687	-216,725
Purchase of intangible assets		-1,505	-1,508
Purchase of other long- term assets		-4,198	-
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to Investment activities		-	-
Cash flows and cash equivalents from (used in) investing activities		-219,390	-218,233



UNACEM PERU S.A.
Statement of Cash Flow

Direct Method
For the periods ended December 31st, 2023 and June 30th, 2022
(In thousands of Soles)

	Notes	As of January 1st, 2023 to December 31st, 2023	As of January 1st, 2022 to December 31st, 2022
Cash flows from Financing activities			
Type of cash collections from financing activities			
Loan securing		1,675,028	490,211
Loans from related entities		-	-
Changes to the subsidiaries ownership interest not resulting in the loss of control		-	-
Issuance of Shares		-	-
Issuance of Other Equity Instruments		-	-
Government Subventions		-	-
Type of cash payments from financing activities			
Loan Amortization or payment		-1,476,377	-644,628
Financial leasing liabilities		-	-
Loans from related entities		-	-
Changes to the subsidiaries ownership interest not resulting in the loss of control		-	-
Redemption or repurchase of the entities' shares (Shares in the portfolio)		-	-
Acquisition of other equity interest		-	-
Interests paid		-	-
Dividends paid		-301,393	-198,769
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to financing activities		-	-
Cash flows and cash equivalents from (used in) financing activities		-102,742	-353,186
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		-27,742	59,352
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		25	1,346
Increase (Decrease) in Net Cash and Cash Equivalents		-27,717	60,698
Cash and cash equivalents at beginning of year		60,708	10
Cash and cash equivalents at end of year		32,991	60,708



UNACEM PERU S.A.
Statement of changes in Equity
For the periods ended December 31st, 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						388,482											388,482
7. Other Comprehensive Income:							-560										-560
8. Comprehensive Income - Total year						388,482	-560										387,922
9. Cash Dividends Declared						-271,054											-271,054
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					38,848	-38,848											
Total Equity Increase (decrease)	-	-	-	-	38,848	78,580	-560	-	-	-	-	-	-	-	-	-	116,868
Balance as of December 31st, 2023	2,156,485	-	-	-	80,994	217,780	13,177	-	-	-	-	-	-	-	-	-	2,468,436

UNACEM Perú S.A.

Notes to the UNAUDITED Interim Financial Statements,

As of December 31, 2023 and 2022

1. Background and Economic Activity

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

As of December 31, 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 fourth quarter of 2023 have been issued with the authorization of the Company’s Management and shall be submitted for approval at the Board of Directors’ meeting to be held on January 31, 2024. 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 December 31, 2023, the weighted average free-market exchange rates for transactions in Soles were PEN 3.705 (buying rate) and PEN 3.713 (selling rate) (buying exchange rate: PEN 3.808, and selling exchange rate: PEN 3.820, as of December 31, 2022).

UNACEM Perú S.A.

Notes to the UNAUDITED Interim Financial Statements,

As of December 31, 2023 and 2022

As of December 31, 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 December 31, 2023	As of December 31, 2022
Assets		
Cash and cash equivalents	1,864	7,409
Financial instruments and derivatives	679	669
Trade and other accounts receivable	42,581	32,123
	45,124	40,201
Liabilities		
Trade and other accounts payable	(5,973)	(800)
Other financial liabilities	(85,500)	(101,500)
	(91,473)	(102,300)
Net liability position	(46,349)	(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 December 31, 2023 and 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 PEN</i>	As of December 31, 2023	As of December 31,2022
Fixed funds	19	10
Checking accounts (a)	21,648	43,144
Time deposits (b)	11,324	17,554
	32,991	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.

UNACEM Perú S.A.

Notes to the UNAUDITED Interim Financial Statements,

As of December 31, 2023 and 2022

5. Trade and other accounts receivable

This caption comprises the following:

<i>In thousands of PEN</i>	As of December 31, 2023	As of December 31, 2022
Trade		
Trade accounts receivable (a)	82,063	74,373
Related		
Accounts receivable (18 b)	242,659	222,371
Other		
Advance payments to suppliers (b)	25,880	15,312
Claims to the Tax Authority	2,039	-
VAT tax credit	11,349	18,143
Loans to employees	1,065	5,554
Hedging financial instruments (20A i)	1,762	2,557
Other accounts receivable	6,856	2,684
	373,673	340,994
Less – Expected credit loss	(315)	(1,592)
Total	373,358	339,402
Less – Current portion	372,095	339,402
Non-current portion	1,263	-

- (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 December 31, 2023 and 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 and long term.

6. Inventories

This caption comprises the following:

<i>In thousands of PEN</i>	As of December 31, 2023	As of December 31, 2022
Finished products	26,251	20,311
In-process products	219,429	167,148
Raw and auxiliary materials (a)	121,660	114,450
Containers and packaging	29,118	62,542
Spare parts and supplies	206,139	193,638
	602,597	558,089
Estimate for inventory impairment (b)	(16,467)	(15,363)
	586,130	542,726

- (a) Raw and auxiliary materials primarily include gypsum, coal, steel slag and imported clinker. As of December 31, 2023, the Company has a stock of imported coal for approximately PEN 29,819,000 (PEN 35,534,000 as of December 31, 2022).

UNACEM Perú S.A.

Notes to the UNAUDITED Interim Financial Statements,

As of December 31, 2023 and 2022

- (b) In the opinion of the Company's Management, the estimate for inventory impairment properly covers the inventory impairment risk as of December 31, 2023 and 2022.

7. Mining Concessions and Property, Plant and Equipment

This caption comprises the following:

<i>In thousands of PEN</i>	As of December 31, 2023	As of December 31, 2022
Cost -		
Opening balance	6,043,110	-
Transfer due to reorganization	-	5,780,811
Additions (a)	256,431	266,292
Write-offs	(1,677)	(2,266)
Adjustments	164	(1,727)
Closing balance	6,298,028	6,043,110
Accumulated depreciation –		
Opening balance	2,377,373	-
Transfer due to reorganization	-	2,122,485
Depreciation for the period (b)	217,790	221,600
Write-offs	(1,492)	(1,894)
Adjustments and/or reclassification 7(a)	(4,285)	35,182
Closing balance	2,589,386	2,377,373
Net carrying amount:	3,708,642	3,665,737

- (a) As of December 31, 2023, the main additions refer to disbursements made for the following projects: Kiln 3 cooler dedusting system 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 103,855,000.

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

- (b) As of December 31, 2023 and 2022, depreciation has been distributed as follows:

<i>In thousands of PEN</i>	<i>Note</i>	As of December 31, 2023	As of December 31, 2022
Cost of sales	14	212,030	211,863
Administrative expenses	15	3,775	7,263
Selling expenses		281	591
Other expenses		1,704	1,883
		217,790	221,600

UNACEM Perú S.A.

Notes to the UNAUDITED Interim Financial Statements,

As of December 31, 2023 and 2022

8. Deferred Asset related to Stripping

This caption comprises the following:

<i>In thousands of PEN</i>	<i>Note</i>	As of December 31, 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	3,650	6,667
Closing balance		72,701	69,051
Net carrying amount		92,211	95,861

As of December 31, 2023 and 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 PEN</i>	As of December 31, 2023	As of December 31, 2022
Trade accounts receivable (a)	207,599	181,666
Accounts payable to related parties 18(b)	55,392	119,925
Interest payable 10(b) and 10.1(c)	8,988	16,729
Compensations, bonuses and vacations payable	13,284	13,833
Employee contributions payable	3,389	5,109
Interest on financial instruments payable	-	144
Income tax payable	27,093	170,443
Board of directors' compensation payable	3,367	3,626
Other accounts payable	12,847	7,693
	331,959	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 PEN</i>	As of December 31, 2023			As of December 31, 2022		
	Current Portion	Non-current Portion	Total	Current Portion	Non-current Portion	Total
Bank promissory notes (b)	167,085	-	167,085	371,900	-	371,900
Bank loans (10.1)	299,265	1,107,997	1,407,262	230,635	781,596	1,012,231
	466,350	1,107,997	1,574,347	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 December 31, 2023 and 2022, the balance by bank entity is as follows:

<i>In thousands of PEN</i>	Original Currency	Maturity	As of December 31, 2023	As of December 31, 2022
Financial Entity				
BBVA Banco Continental	Dollars	November 2024	167,085	-
Banco Internacional del Perú S.A.A.	Dollars	November 2023	-	171,900
Banco de Crédito del Perú	Soles	June 2023	-	200,000
			167,085	371,900

As of December 31, 2023 and 2022, interest payable on bank promissory notes amounted to approximately PEN 1,098,000 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 December 31, 2023 and 2022, interest expense from bank promissory notes amounted to approximately PEN 46,914,000 and PEN 10,979,000, respectively, and are recognized in the income statement under "Financial expenses."

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Notes to the UNAUDITED Interim Financial Statements, As of December 31, 2023 and 2022

10.1 Bank loans

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

<i>In thousands of PEN</i>	Maturity	Guarantee	As of December 31, 2023	As of December 31, 2022
Bank loans (b) and (d)-				
Banco de Crédito del Perú	October 2026 and June 2025	Not backed by guarantee	376,369	105,900
Scotiabank Perú S.A.	October 2024, March 2025, June 2025 and January 2027	Not backed by guarantee	305,143	318,500
Banco Internacional del Perú S.A.A.	January 2027	Not backed by guarantee	111,150	127,400
BBVA Banco Continental	June 2025 and January 2027	Not backed by guarantee	466,193	247,800
Citibank (a.1)	October 2025	Not backed by guarantee	111,390	152,800
Bank of Nova Scotia (a.1)	September 2025	Not backed by guarantee	38,987	63,030
			1,409,232	1,015,430
Amortized cost			(1,970)	(3,199)
Total			1,407,262	1,012,231
Less - Current portion			299,265	230,635
Non-current portion			1,107,997	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 779,231,000 and PEN 1,015,430,000 as of December 31, 2023 and 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 December 31, 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 December 31, 2023 and 2022.

(c) As of December 31, 2023, and 2022, interest payable on medium- and long-term debt to bank entities amounted to approximately PEN 7,890,000 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 December 31, 2023 and December 31, 2022, amounted to approximately PEN 38,622,000 and PEN 49,538,000, respectively, and is recorded in the income statement under "Financial expenses."

(d) As of December 31, 2023, the Company maintained bank loans in Soles at annual lending interest rates ranging from 4.10 to 7.65%.

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As of December 31, 2023 and 2022

As of December 31, 2022, the Company held bank loans in soles with effective annual interest rates ranging from 4.10 to 4.92%.

As of December 31, 2023 and December 31, 2022, bank loans in dollars are at a floating rate plus a margin; as of September 30, 2023, the Company agreed with the financial entities to change the floating rate applicable 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 PEN</i>	As of December 31, 2023	As of December 31, 2022
Deferred assets		
Provision for inventory impairment	4,858	4,532
Provision for vacation	300	569
Provision for quarry closure	3,051	6,536
Audit fees	119	109
Amortization of intangibles	585	801
Pre-operating expenses	6,848	6,848
	15,760	19,395
Deferred liability		
Difference between tax base and fixed asset depreciation	(325,564)	(346,732)
Deferred asset related to stripping	(27,538)	(28,616)
Capitalized interest	(28,153)	(27,359)
Derivative financial instruments	(746)	(754)
Other provisions	(1,398)	(506)
Deferred fees from financial obligations	(527)	(825)
	(383,926)	(404,792)
Deferred Income Tax Liability, net	(368,165)	(385,397)

- (a) The income tax expense shown in the income statement as of December 31, 2023 and 2022 comprises the following:

<i>In thousands of PEN</i>	As of December 31, 2023	As of December 31, 2022
Current	(184,418)	(208,837)
Deferred	16,996	13,731
Mining royalty expense (19.b)	(4,901)	(5,209)
	(172,323)	(200,315)

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Notes to the UNAUDITED Interim Financial Statements,

As of December 31, 2023 and 2022

12. Net Stockholders' Equity

A. Capital stock

As of December 31, 2023 and 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 December 31, 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, July 26, 2023, October 23, 2023, and December 22, 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, PEN 35,464,000, PEN 8,147,000 and PEN 131,853,000 for the year 2023.

13. Revenue from Ordinary Activities

This caption comprises the following:

<i>In thousands of PEN</i>	As of December 31, 2023	As of December 31, 2022
Sale of cement	2,521,545	2,654,820
Export of clinker (a)	160,942	100,176
Sale of blocks, concrete pavement, and others (b)	61,304	79,830
	2,743,791	2,834,826
Timing of revenue recognition		
Services transferred at a point in time	2,743,791	2,834,826
	2,743,791	2,834,826

(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., a related company, note 18(a).

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Notes to the UNAUDITED Interim Financial Statements, As of December 31, 2023 and 2022

14. Cost of Sales

This caption comprises the following:

<i>In thousands of PEN</i>	<i>Note</i>	As of December 31, 2023	As of December 31, 2022
Initial inventory of finished and in-process products	6	187,459	164,106
Cost of production			
Fuel		459,599	466,911
Depreciation	7(b)	212,030	211,863
Personnel expenses		194,133	176,298
Consumption of raw materials		183,603	181,862
Maintenance of kilns, machinery and equipment		192,719	178,361
Electric energy		132,070	142,463
Transportation of raw materials		75,450	85,955
Containers		103,356	113,423
Depreciation of deferred asset related to stripping	8	3,650	6,667
Other manufacturing expenses		308,127	259,023
Final inventory of finished and in-process products	6	(245,680)	(187,459)
		1,806,516	1,799,473
Estimate for inventory impairment		1,104	4,834
		1,807,620	1,804,307

15. Administrative Expenses

This caption comprises the following:

<i>In thousands of PEN</i>	<i>Note</i>	As of December 31, 2023	As of December 31, 2022
Personnel expenses		85,822	98,371
Services provided by third parties		19,928	31,438
Donations		28,477	17,384
Taxes		9,301	10,973
Depreciation	7(b)	3,775	7,263
Amortization of intangibles		13	13
Others		5,755	6,895
		153,071	172,337

16. Other Revenue and other Expenses

As of December 31, 2023 and 2022, a provision was made for royalties in favor of the Parent Company for approximately PEN 112,491,000 and PEN 119,467,000, respectively.

17. Financial Expenses

It mainly refers to interest on medium- and long-term debt to bank entities. As of December 31, 2023 and 2022, it amounts to approximately PEN 85,536,000 and PEN 60,517,000, respectively. See note 10(b) and 10.1(c).

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Notes to the UNAUDITED Interim Financial Statements, As of December 31, 2023 and 2022

18. Transactions with Related Companies

(a) As of December 31, 2023 and 2022, the main transactions with related companies were as follows:

<i>In thousands of PEN</i>	<i>Note</i>	As of December 31, 2023	As of December 31, 2022
Revenue			
Revenue from sale of cement			
La Viga S.A.		534,462	558,917
Unión de Concreteras S.A.		254,768	190,786
Concremax S.A.		20,412	45,494
Prefabricados Andinos Perú S.A.C.		1,026	959
Asociación UNACEM		429	299
Revenue from sale of blocks, pavements and others			
Unión de Concreteras S.A.		56,861	74,793
Concremax S.A.		1,128	3,228
Drake Cement LLC		3,314	1,810
Revenue from administrative, information technology and management support			
Compañía Eléctrica el Platanal S.A.		387	1,696
UNACEM Corp S.A.A.		3,773	502
Prefabricados Andinos Perú S.A.C.		607	566
Digicem S.A.		238	15
Inversiones Nacionales y Multinacionales Andinas S.A.		213	-
Drake Cement LLC		-	414
Vigilancia Andina S.A.		135	138
Generación Eléctrica Atocongo S.A.		165	165
Depósito Aduanero Conchán S.A.		127	127
UNACEM Chile S.A.		173	702
Others		126	65
Revenue from rental of plant, premises and equipment			
Unión de Concreteras S.A.		228	702
UNACEM Corp S.A.A.		18	160
Depósito Aduanero Conchán S.A.		292	299
Prefabricados Andinos Perú S.A.C.		187	187
ARPL Tecnología Industrial S.A.		64	57
Vigilancia Andina S.A.		43	43
Others		42	95
Revenue from sale of clinker			
UNACEM Corp S.A.A.		-	25,207
Unicon Chile S.A.		-	13,964
UNACEM Chile S.A.		87,483	54,053
Revenue from loan interest			
UNACEM Corp S.A.A.		5,657	1,241
Other revenue			
UNACEM Corp S.A.A.		47	65
Compañía Eléctrica el Platanal S.A.		1,574	601
Inversiones Nacionales y Multinacionales Andinas S.A.		110	5
Digicem S.A.		87	4
Others		46	62
Purchases and costs			
Dividends			
UNACEM Corp S.A.A.		271,053	240,109
Royalties			
		112,490	119,467

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<i>In thousands of PEN</i>	<i>Note</i>	As of December 31, 2023	As of December 31, 2022
UNACEM Corp S.A.A.			
Purchase of electric energy			
Compañía Eléctrica el Platanal S.A.		104,352	128,801
Contract manufacturing (<i>maquila</i>) service			
Unión de Concreteras S.A.		17,736	27,625
Compañía Eléctrica el Platanal S.A.		3,393	-
Concremax S.A.		701	1,933
Fees and freights from sale of cement			
La Viga S.A.		36,490	34,047
Surveillance services			
Vigilancia Andina S.A.		21,787	23,191
Donation			
Asociación UNACEM		25,064	17,002
Technical assistance and consulting services			
ARPL Tecnología Industrial S.A.		26,071	26,774
Purchase of auxiliary materials			
UNACEM Corp S.A.A.		4,540	44,337
Unión de Concreteras S.A.		6,746	6,639
Concremax S.A.		-	156
Project management and engineering services			
ARPL Tecnología Industrial S.A.		18,182	13,534
Prefabricated works			
Prefabricados Andino Perú S.A.C.		5,536	7,043
Thermal plant operation service			
Generación Eléctrica Atocongo S.A.		3,782	3,420
Warehouse management service			
Depósito Aduanero Conchán S.A.		3,694	3,375
Expense reimbursement			
Unión de Concreteras S.A.		8,467	5,229
UNACEM Corp S.A.A.		6,308	6,492
ARPL Tecnología Industrial S.A.		755	1,192
Others			
Compañía Eléctrica el Platanal S.A.		2,081	-
Inversiones Nacionales y Multinacionales Andinas S.A.		1,198	122
Unión de Concreteras S.A.		221	336
Drake Cement LLC		236	243
Digicem S.A.		115	11
Prefabricado Andino Perú S.A.C.		24	169
UNACEM Corp. S.A.A.		13	28
Compañía de Inversiones Santa Cruz S.A.		10	21
Master Builders Solutions Peru S.A.		-	11
Generación Eléctrica Atocongo S.A.		-	6

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

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<i>In thousands of PEN</i>	<i>Note</i>	As of December 31, 2023	As of December 31, 2022
Accounts receivable			
UNACEM Chile S.A.		131,402	78,213
Unión de Concreteras S.A.		74,510	73,734
La Viga S.A.		30,623	37,104
Minera Adelaida S.A.		3,540	1,750
Concremax S.A.		1,663	8,749
Drake Cement LLC		533	2,201
Prefabricados Andinos Perú S.A.C.		219	649
Compañía Eléctrica El Platanal S.A.		74	917
Naviera Conchan S.A.		27	14
Depósito Aduanero Conchán S.A.		26	45
DIGICEM S.A.		24	18
Inversiones Nacionales y Multinacionales Andinas S.A.		8	13
Vigilancia Andina S.A.		5	3
UNICON Chile S.A.		-	18,805
UNACEM Corp. S.A.A.		-	120
Generación Eléctrica de Atocongo S.A.		-	21
Others		5	15
Total accounts receivable	5	242,659	222,371
Accounts payable			
UNACEM Corp. S.A.A.		19,677	75,878
ARPL Tecnología Industrial S.A.		12,974	9,046
Compañía Eléctrica El Platanal S.A.		10,249	13,452
Unión de Concreteras S.A.		7,152	13,379
La Viga S.A.		3,576	4,490
Depósito Aduanero Conchán S.A.		734	758
Generación Eléctrica de Atocongo S.A.		328	1
Prefabricados Andinos Perú S.A.C.		317	45
Vigilancia Andina S.A.		217	2,037
Concremax S.A.		89	577
Drake Cement LLC		39	241
Inversiones Nacionales y Multinacionales S.A.		34	8
Asociación UNACEM		-	-
Others		6	13
Total accounts payable	9	55,392	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 December 31, 2023 amounted to approximately PEN 28,487,000 (PEN 25,125,000 as of December 31, 2022), which includes short-term benefits and severance payment (CTS).

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Notes to the UNAUDITED Interim Financial Statements,

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19. Commitments and Contingencies

A. Financial commitments

As of December 31, 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 1,203,000, equivalent to PEN 4,467,000, maturing in 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 6,551,000, equivalent to PEN 24,324,000, maturing in January 2024 and December 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) in the total amount of PEN 14,255,000 maturing in January, February and March 2024, in order to guarantee the customs tax debt.
- Letters of guarantee in favor of third parties, in the total amount of PEN 320,000, maturing in April 2024.
- Jointly Corporate guarantee granted by UNACEM Corp, UNACEM Peru, Desert Ready Mix and Desert Aggregates in favor of the syndicate of banks that financed Skanon Investments, for a total of USD 345 million, maturing in October 2026, for the acquisition of Tehachapi Cement.

B. Tax Situation

Tax rates

- (a) The Company is subject to the Peruvian tax system. As of December 31, 2023 and December 31, 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, South Korea and Japan, 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

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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.

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 December 31, 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 December 2023 are open for review by the Tax Authority.
- (f) As of December 31, 2023, the Company recorded an income tax provision amounting to PEN 184,418,000 and made advance payments for PEN 157,325,000. As of December 31, 2023, the net balance payable for PEN 27,093,000 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 December 31, 2023, the mining royalty paid to the Peruvian State amounts to approximately PEN 4,901,000 (see note 11).

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.

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Notes to the UNAUDITED Interim Financial Statements,

As of December 31, 2023 and 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 December 31, 2023 and 2022.

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 December 31, 2023 and 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.

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▪ **Hedging derivative financial instruments**

As of December 31, 2023 and 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 PEN</i>	Reference Amount USD(000)	Maturity	Receives floating at:	Pays fixed at:	Fair value	
					As of December 31, 2023	As of December 31, 2022
Assets						
Citibank N.A.	50,000	October 2025	3-month SOFR + 2.01% (*)	5.730%	1,117	1,130
Bank of Nova Scotia	30,000	September 2025	3-month SOFR + 2.86% (*)	5.695%	645	1,427
					1,762	2,557

(*) As of September 2023, 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 December 31, 2023 and 2022, amounts approximately to PEN 560,000 and PEN 13,737,000, respectively, and is recorded net of the effect on income tax.

The balance as of December 30, 2023 and 2022, amounts to PEN 1,762,000 and PEN 2,557,000, respectively, and is recorded under “Trade and other accounts receivable” (see note 5).

Likewise, as of December 31, 2023, the Company recognized a financial income for these derivative financial instruments in the amount of approximately PEN 2,693,000, and as of December 31, 2022, the Company recognized a financial expense in the amount of approximately PEN 7,343,000; said amounts were actually paid during the year and are presented in the income statement under “Financial income” and “Financial expenses,” respectively.

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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 PEN</i>	Impact on profit before income tax	
	As of December 31, 2023	As of December 31, 2022
Increase / decrease in basis points		
-10%	(811)	(843)
+10%	811	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 December 31, 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 December 31, 2023 and 2022, the fact of having balances in foreign currency represented for the Company a net gain of approximately PEN 11,362,000 (gain of approximately PEN 43,044,000 and loss of approximately PEN 31,682,000) and PEN 33,539,000 (gain of approximately PEN 162,645,000 and loss of approximately PEN 129,106,000), 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 PEN</i>	Profit/loss for the period 2023		Profit/loss for the period 2022	
	Strengthening	Weakening	Strengthening	Weakening
USD (5% movement)	8,622	(8,622)	11,885	(11,885)
USD (10% movement)	17,245	(17,245)	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 December 31, 2023 and 2022, is represented by the sum of the items of cash and cash equivalents, and trade and other accounts receivable.

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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 PEN</i>	Carrying amount	As of December 31, 2023			
		Less than 12 months	2 - 3 years	4 - 8 years	Total
Trade and other accounts payable	331,959	331,959	-	-	331,959
Other financial liabilities:					
Amortization of principal	1,574,347	466,350	1,060,426	47,571	1,574,347
Cash flows from payment of interest	-	89,804	48,818	511	139,133
Total liabilities	1,906,308	888,115	1,109,244	48,082	2,045,441

<i>In thousands of PEN</i>	Carrying amount	As of December 31, 2022			
		Less than 12 months	2 - 3 years	4 - 8 years	Total
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 December 31, 2023 and 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 PEN</i>	Level 2	Total
December 31, 2023		
Financial assets		
Derivative financial instruments	1,762	1,762
Total financial assets	1,762	1,762

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<i>In thousands of PEN</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 PEN</i>	As of December 31, 2023		As of December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Bank promissory notes	167,085	169,234	371,900	348,645
Other financial liabilities	1,407,262	1,425,954	1,012,231	875,279

22. Subsequent Events

No significant financial and accounting events have been identified after December 31, 2023 that could affect the interpretation of these financial statements.