

UNACEM CORP S.A.A. and Subsidiaries

UNAUDITED Interim Consolidated
Financial Information as of
December 31, 2023 and December
31, 2022



UNACEM CORP S.A.A. AND SUBSIDIARIES
Statement of Financial Position
For the periods ended December 31, 2023 and December 31, 2022
(In thousands of Soles)

	Notes	As of December 31, 2023	As of December 31, 2022
Assets			
Current Assets			
Cash and cash equivalents	5	401,275	334,845
Other Financial Assets		-	5,012
Trade Accounts Receivable and other accounts receivable		948,921	800,733
Trade Accounts Receivable , net	6	771,356	660,837
Other Accounts Receivable , net	6	112,509	82,063
Accounts Receivable from Related Companies	6	32,877	39,191
Advanced payments	6	32,179	18,642
Inventories	7	1,036,574	851,645
Biological Assets		-	-
Assets by Income Taxes	6	39,203	33,596
Other Non-Financial Assets		38,540	29,848
Total Current Assets different than assets or groups of assets for its classified as held for sale or for distribution to owners		2,464,513	2,055,679
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		-	-
Total Current Assets		2,464,513	2,055,679

Non-Current Assets			
Other Financial Assets		4,198	-
Investments in subsidiaries, joint ventures and associates		32,172	23,734
Trade Accounts Receivables and other accounts receivables		141,441	83,245
Trade Accounts Receivable		-	-
Other Accounts Receivable	6	110,183	83,245
Accounts Receivable from Related companies		-	-
Advanced payments	6	31,258	-
Biological Assets		-	-
Investment Property		-	-
Property, Plant and Equipment , net	9	9,119,274	7,473,383
Intangible Assets , net	10	290,805	229,189
Assets Deferred Income Tax	14	219,618	207,455
Surplus value	11	1,209,565	1,176,605
Other Assets		233,305	139,782
Total Non-current Assets		11,250,378	9,333,393

TOTAL ASSETS		13,714,891	11,389,072
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	Notes	As of December 31, 2023	As of December 31, 2022
Liabilities and Stockholders' Equity			
Current Liabilities			
Other Financial Liabilities	12	1,685,518	1,106,529
Trade accounts payable and other payable accounts		1,031,260	981,650
Trade Accounts Payable	13	703,425	677,093
Other Accounts Payable	13	291,352	269,127
Accounts payable to related companies	13	28,886	28,812
Deferred Income		7,597	6,618
Provision for Employee Benefits		-	-
Other provisions		70,552	81,072
Income tax liabilities		72,948	182,893
Other non-financial liabilities	8(b)y23.A	24,514	8,024
Total Current Liabilities different of Liabilities included groups of assets for disposal Classified as Held for Sale		2,884,792	2,360,168
Liabilities included in asset groups classified as held for sale		-	-
Total Current Liabilities		2,884,792	2,360,168

Non-Current Liabilities			
Other Financial Liabilities	12	3,813,025	2,629,349
Trade accounts payable and other payable accounts		180,348	28,534
Trade Accounts Payable	13	1,983	-
Other Accounts Payable	13	178,365	28,534
Accounts payable to related companies		-	-
Deferred Income		-	-
Provision for Employee Benefits		-	-
Other provisions		140,740	71,559
Liabilities Deferred Income Taxes	14	670,441	585,180
Other non-financial liabilities	8(b)y23.A	123,557	17,474
Total Non-Current Liabilities		4,928,111	3,332,096
Total Liabilities		7,812,903	5,692,264

Stockholders' Equity			
Capital Issued	15	1,780,000	1,818,128
Issuance Premiums	15	-38,019	-38,019
Investment shares		-	-
Treasury Shares in portfolio	15	-22,948	-23,530
Other Capital Reserves	15	363,626	363,626
Accrued Results	15	3,345,443	2,949,002
Other Equity Reserves	15	290,069	341,444
Shareholders' equity attribute to the owners of the Parent		5,718,171	5,410,651
Non Controlling interest		183,817	286,157
Total Stockholders' Equity		5,901,988	5,696,808

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		13,714,891	11,389,072
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UNACEM CORP S.A.A. AND SUBSIDIARIES

Income Statement

For the periods ended December 31, 2023 and 2022

(In thousands of Soles)

	Notes	For the specific quarter from October 1, to December 31, 2023	For the specific quarter from October 1, to December 31, 2022	For the cumulative period from January 1st to December 31, 2023	For the cumulative period from January 1st to December 31, 2022
Incomes from ordinary activities	16	1,657,571	1,604,483	6,375,519	5,978,843
Cost of Sales	17	-1,236,963	-1,193,079	-4,799,408	-4,350,232
Profit (Loss) Gross		420,608	411,404	1,576,111	1,628,611
Selling Expenses and distribution		-27,979	-34,431	-115,198	-120,115
Administrative expenses	18	-156,276	-112,968	-481,770	-401,622
Profit (Loss) in the write-off of financial assets carried at amortized cost		-	-	-	-
Other Operating Income		29,938	32,583	84,007	64,488
Other Operating Expenses		-9,066	-36,521	-73,528	-85,966
Other profit (loss)		-	-	-	-
Profit (Loss) from operating activities		257,225	260,067	989,622	1,085,396
Financial Income		4,125	8,087	16,822	16,634
Financial Expenses	19	-78,890	-48,599	-274,666	-192,621
Exchange differences, net		22,825	25,816	4,571	35,445
Share of Profit (Loss) in net results from Equity-Accounted Joint Ventures and related companies		8,218	343	12,112	3,861
Profit (Loss) arising from the difference between the previous book value and fair value of Reclassified financial assets accounted at fair value		-	-	-	-
Difference between the book value of the distributed assets and the book value of the divided payable		-	-	-	-
Gains before Income tax		213,503	245,714	748,461	948,715
Income tax expenses	14(a)	-77,402	-51,136	-234,568	-289,120
Profit (Loss) Net of Continued Operations		136,101	194,578	513,893	659,595
Profit (loss) net of the tax to the profit from discontinued operations		-	-	-	-
Profit (loss) net of the year		136,101	194,578	513,893	659,595
Profit (Loss) net, attributable to :					
Owners of the Parent		134,580	169,663	500,992	554,653
Non-controlling interest		1,521	24,915	12,901	104,942
Net Profit (Loss) of the Year		136,101	194,578	513,893	659,595



UNACEM CORP S.A.A. AND SUBSIDIARIES
Statement of Comprehensive Income
For the periods ended December 31, 2023 and 2022
(In Thousands of Soles)

Notes	For the specific quarter from October 1, to December 31, 2023	For the specific quarter from October 1, to December 31, 2022	For the cumulative period from January 1st to December 31, 2023	For the cumulative period from January 1st to December 31, 2022
Net Profit (Loss) of the year	136,101	194,578	513,893	659,595
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	-	-	-	-
Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method	-	-	-	-
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	-664	-8,676	-505	18,157
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	-56,070	-72,200	-51,893	-91,706
Net variation of non-current assets or groups of assets held for sale	-	-	-	-
Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method	-	-	-	-
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	-	-	-	-
Sum of Income Tax-Related Components of other comprehensive income	-56,734	-80,876	-52,398	-73,549
Other Comprehensive Income	-56,734	-80,876	-52,398	-73,549
Total Comprehensive Income for the period , net of income tax	79,367	113,702	461,495	586,046
Comprehensive Income attributable to:				
Owners of the Parent	80,586	94,998	449,617	486,399
Non-controlling interest	-1,219	18,704	11,878	99,647
Total Comprehensive Income of the Year, net	79,367	113,702	461,495	586,046



UNACEM CORP S.A.A. AND SUBSIDIARIES

Statement of Cash Flow

Direct Method

For the periods ended December 31, 2023 and 2022

(In thousands of Soles)

	Notes	As of January 1st, 2023 to December 31, 2023	As of January 1st, 2022 to December 31, 2022
Operating activities cash flows			
Types of cash collections from operating activities			
Sale of Goods and Services		8,294,929	7,716,069
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		27,041	16,615
Types of cash collections from operating activities			
Suppliers of goods and services		-5,822,993	-5,172,713
Contracts held for brokering or trading purposes		-	-
cash payments to and on behalf of employees		-891,341	-831,483
Elaboration or acquisition of assets to be leased and other assets held for sale		-	-
Other Cash Payments Related to Operating Activity		-327,759	-399,869
Cash flows and cash equivalents from (used in) Operating Activities		1,279,877	1,328,619
Interests received (not included in the Investment Activities)		-	-
Interests paid (not included in the Investment Activities)		-235,918	-172,413
Dividends Received (not included in the Investment Activities)		-	-
Dividends Paid (not included in the Investment Activities)		-	-
Income tax (paid) reimbursed		-417,560	-241,046
Other cash collections (payments)		-	-
Cash flows and cash equivalents from (used in) Operating Activities		626,399	915,160
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		-	-
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		26,652	28,844
Sale of intangible assets		-	-
Sale of other long- term assets		-	-
Government Subventions		-	-
Interests received		-	-
Dividends received		3,669	1,075
Type of cash payments from investment activities		-	-
Advances and loans granted to third parties			
Controlling interest of subsidiaries and other businesses		-	-
Purchase of Financial Instruments of equity or debt of other entities		-	-
Derivatives contracts (Futures, Forwards or Options)		-	-
Purchase of Subsidiaries, Net of cash acquired	1.B.3	-1,558,443	-12,925
Purchase of Joint Venture shares, Net of the cash acquired		-	-
Purchase of Property, Plant and Equipment	9(b)	-502,953	-420,541
Purchase of intangible assets		-26,384	-15,895
Purchase of other long- term assets		-	-
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to Investment activities		1,622	-3,233
Cash flows and cash equivalents from (used in) Investing activities		-2,055,837	-422,675
Cash flows from Financing activities			
Type of cash collections from financing activities			
Loan securing		3,765,108	1,065,863
Changes to the subsidiaries ownership interest not resulting in the loss of control		-	-
Share issuance		-	-
Issuance of other Equity Instruments		-	-
Government Subventions		-	-
Type of cash payments from financing activities			
Loan Amortization or Repayment		-2,003,034	-1,274,661
Leasing liabilities		-20,950	-11,016
Changes to the subsidiaries ownership interest not resulting in the loss of control		-24,554	-18,612
Redemption or repurchase of the entities' shares (Shares in the portfolio)		-64,434	-11,920
Acquisition of other equity interest		-	-
Interests paid		-	-
Dividends paid		-175,540	-293,297
Income tax (paid) reimbursed		-	-
Other cash receipts (payments) relating to financing activities		-	-
Cash flows and cash equivalents from (used in) financing activities		1,476,596	-543,643
Increase (Decrease) in Net Cash and cash equivalents, before Changes in Foreign Exchange Rates		47,158	-51,158
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents		19,272	-13,752
Increase (Decrease) in Net Cash and Cash Equivalents		66,430	-64,910
Cash and cash equivalents at beginning of year		334,845	399,755
Cash and cash equivalents at end of year	5	401,275	334,845



UNACEM CORP S.A.A. AND SUBSIDIARIES
Statement of change in Stockholder's Equity
 For the periods ended December 31, 2023 and 2022
 (In Thousands of Soles)

Other Equity Reserves

	Capital Issued	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 held for sale	Participation in other comprehensive income of related companies and joint ventures accounted for using the equity method	Revaluation Surplus	Actuarial Profit (Loss) on defined benefit pension plans	Changes in the fair value of financial liabilities attributable to changes in the credit risk of the liability	Subtotal	Shareholders' equity attribute to the owners of the Parent	Non-controlling Interest	Total Stockholders' Equity
Balance as of January 1, 2022	1,818,128	-38,019	-	-11,610	363,626	2,556,053	-23,660	-	-	430,200	-	-	-	-	-	406,540	5,094,718	275,589	5,370,307
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	1,818,128	-38,019	-	-11,610	363,626	2,556,053	-23,660	-	-	430,200	-	-	-	-	-	406,540	5,094,718	275,589	5,370,307
4. Changes in Stockholders' Equity:																			
5. Comprehensive Income:																			
6. Gain (Loss) for the year						554,653											554,653	104,942	659,595
7. Other Comprehensive Income:						-3,158	21,923			-87,019						-65,096	-68,254	-5,295	-73,549
8. Comprehensive Income - Total year						551,495	21,923			-87,019						-65,096	486,399	99,647	586,046
9. Cash Dividends Declared						-162,610											-162,610	-59,127	-221,737
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																		-24,995	-24,995
15. Increase (decrease) for transactions with Treasury Shares in Portfolio				-11,920													-11,920		-11,920
16. Increase (Decrease) for Transfer and other Equity Changes						4,064											4,064	-4,957	-893
Total Equity Increase (decrease)				-11,920		392,949	21,923			-87,019						-65,096	315,933	10,568	326,501
Balance as of September 30, 2022	1,818,128	-38,019	-	-23,530	363,626	2,949,002	-1,737	-	-	343,181	-	-	-	-	-	341,444	5,410,651	286,157	5,696,808
Balance as of September 1, 2023	1,818,128	-38,019	-	-23,530	363,626	2,949,002	-1,737	-	-	343,181	-	-	-	-	-	341,444	5,410,651	286,157	5,696,808
1. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Restated Initial Balance	1,818,128	-38,019	-	-23,530	363,626	2,949,002	-1,737	-	-	343,181	-	-	-	-	-	341,444	5,410,651	286,157	5,696,808
4. Changes in Stockholders' Equity:																			
5. Comprehensive Income:																			
6. Gain (Loss) for the year						500,992											500,992	12,901	513,893
7. Other Comprehensive Income:							108			-51,483						-51,375	-51,375	-1,023	-52,398
8. Comprehensive Income - Total year						500,992	108			-51,483						-51,375	449,617	11,878	461,495
9. Cash Dividends Declared						-143,768											-143,768	-35,618	-179,386
10. Equity Issuance (reduction)	-38,128			64,936		-26,808													
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						-13,970											-13,970	-4,711	-18,681
15. Increase (decrease) for transactions with Treasury Shares in Portfolio				-64,434													-64,434		-64,434
16. Increase (Decrease) for Transfer and other Equity Changes				80		79,995											80,075	-73,889	6,186
Total Equity Increase (decrease)	-38,128	-	-	582	-	396,441	108	-	-	-51,483	-	-	-	-	-	-51,375	307,520	-102,340	205,180
Balance as of June 30, 2023	1,780,000	-38,019	-	-22,948	363,626	3,345,443	-1,629	-	-	291,698	-	-	-	-	-	290,069	5,718,171	183,817	5,901,988

UNACEM CORP S.A.A. and Subsidiaries

Notes to the UNAUDITED Consolidated Financial Statements
as of December 31, 2023 and December 31, 2022

1. Company Details

A. Company Details and Economic Activity

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

The main purpose of the Group is to engage in the production and commercialization of all types of cement, clinker and concrete in the Peruvian, United States, Ecuadorian and Chilean markets, mainly; as well as the sale of electricity and power in the Peruvian market.

As of December 31, 2023 and December 31, 2022, the Company is a subsidiary of INVERSIONES JRPR S.A. (hereinafter, the “Parent Company” and ultimate parent of the Economic Group), which owns a 43.13% and 42.22% direct and indirect interest in its capital stock, respectively. Likewise, INVERSIONES JRPR S.A. has controlling powers to direct the financial and operating policies of the Company.

The Company has its registered office at Av. Carlos Villarán 508, District of La Victoria, Lima, Peru.

The consolidated financial statements of the Company and its subsidiaries (the “Group”) as of the fourth quarter of fiscal year 2023 have been issued with the authorization of the Management. The consolidated financial statements for fiscal year 2022 were approved at the Shareholders’ Meeting held on March 30, 2023.

B. Acquisitions

B.1 TEHACHAPI CEMENT LLC (formerly MARTIN MARIETTA SOUTHERN CALIFORNIA CEMENT, LLC) – (Tehachapi)

On August 24, 2023, a purchase agreement was approved and signed whereby the subsidiary SKANON INVESTMENTS INC. (hereinafter “SKANON” or “the Buyer”) acquired from the North American companies MARTIN MARIETTA MATERIALS, INC. and MARTIN MARIETTA PACIFIC DISTRICT CEMENT, LLC (“the Sellers”), 100% of the shares of MARTIN MARIETTA SOUTHERN CALIFORNIA CEMENT, LLC, a company domiciled in the State of Delaware, United States of America, owner of the Tehachapi plant.

This plant has a production capacity of 1,000,000 short tons of cement and 940,000 short tons of clinker. In addition, it was approved that the Company take part in the referred purchase agreement, thus ensuring compliance with all the obligations assumed by SKANON INVESTMENTS INC. with the Sellers, as shown in note 22.A(ii).

On October 31, 2023, the acquisition of 100% of the shares of MARTIN MARIETTA SOUTHERN CALIFORNIA CEMENT, LLC was completed. As a result of this transaction, the company name was changed to TEHACHAPI CEMENT LLC and it became part of the Group.

The final acquisition price was USD 314,530,000 (equivalent to PEN 1,197,417,000). The acquisition was financed through a three-year term loan for the amount of USD 345,000,000 from a syndicate of banks led by BBVA SECURITIES INC.

This acquisition doubled the Group's current clinker and cement production capacity in the United States, gaining access to one of the most important markets on the West Coast and strengthening the Group's investment portfolio in its main business.

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

On December 29, 2022, the Company informed the Superintendency of the Securities Market (SMV) that the offer submitted by its subsidiary COMPANÍA ELÉCTRICA EL PLATANAL S.A. (“the Buyer” or “CELEPSA”) for the acquisition of the shares and creditor’s claims (senior debt and subordinated bonds) of TERMOCHILCA S.A. had been accepted. Moreover, on January 19, 2023, CELEPSA entered into a Share Transfer Agreement with LA FIDUCIARIA S.A., whereby CELEPSA acquired, subject to the authorization of the National Institute for the Defense of Free Competition and the Protection of Intellectual Property (INDECOPI), in compliance with the applicable regulations, 100% of the shares of stock.

On April 20, 2023, INDECOPI notified CELEPSA on the authorization of the merger entered into with TERMOCHILCA. In

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Notes to the UNAUDITED Consolidated Financial Statements
as of December 31, 2023 and December 31, 2022

addition, on May 8, 2023, the transaction was closed and said company was integrated into the Group.

Accordingly, the Group acquired 100% of the direct and indirect interest of the shares of stock of TERMOCHILCA, a company domiciled in Peru, which is engaged in power generation and has a combined cycle thermal power plant located in the District of Chilca, Province of Cañete, Department of Lima, with an installed capacity of 300 MW.

The total agreed upon price was USD 141,000,000 (equivalent to PEN 523,110,000), paid directly by CELEPSA with funds stemming from financing transactions.

This transaction represents an important milestone for the Group and its subsidiary CELEPSA, as it doubles its current installed capacity, strengthening its position as a relevant player in the Peruvian electricity market and renewing the Group's commitment to the country's growth.

On October 5, 2023, the Shareholders' Meeting of TERMOCHILCA approved the change of its corporate name from TERMOCHILCA S.A. to TERMOCHILCA S.A.C.

B.3 CONSTRUCTORA DE OBRAS CIVILES Y VIALES LIMITADA (CONOVIA)

On November 21, 2022, the subsidiaries UNICON CHILE S.A. and UNACEM CHILE S.A. (the "Buyers") entered into an agreement with INVERSIONES BEFELD LIMITADA and INVERSIONES MAJAS LIMITADA (the "Sellers") for the acquisition of 100% of the ownership interest in CONSTRUCTORA DE OBRAS CIVILES Y VIALES LIMITADA (CONOVIA); and on the same date, the Group took control of said company.

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

CONOVIA has an aggregates plant named "Tabolango" located in Tabolango, District of Limache, Valparaíso Region in Chile, with an annual production capacity of 0.15 million m³.

The total amount of the transaction was USD 3,763,000 (equivalent to PEN 14,429,000), fully paid by the Buyers.

The Group acquired CONOVIA as part of its strategy to consolidate and diversify its cement, concrete, and precast operations in the region. It also seeks to generate synergies, optimize costs, and share engineering expertise among the countries.

From the takeover date to December 31, 2022, the acquired entity contributed revenues amounting to PEN 620,000 and net income amounting to PEN 264,000 to the Group's profit. If the acquisition had occurred on January 1, 2022, the Group's Management estimates that consolidated revenues would have been PEN 4,708,000 and consolidated net profit for the year would have been PEN 1,515,000. In determining these amounts, Management has assumed that the fair value adjustments, which arose at the acquisition date, would have been the same if the acquisition had occurred on January 1, 2022.

B.4 Purchase of DRAKE CEMENT shares

Pursuant to Addendum 3 to DRAKE CEMENT's Restated Limited Liability Company Operating Agreement dated September 1, 2007, SKANON has the option to purchase the minority interest in DRAKE CEMENT. Effective January 1, 2009, SKANON has the option, but not the obligation, to purchase the minority shareholders' interest at any time at fair value. The fair value shall be determined by mutual agreement of the members at the Shareholders' Meeting. During 2022, the Group purchased a minority interest in DRAKE CEMENT, as shown in note 2(ii) (a).

C. Incorporation of a new company

C.1 Production of quicklime in Peru

In June 2023, the Company was notified by INDECOPI on the authorization of the merger consisting of the incorporation of a new company name CALCEM S.A. (hereinafter "CALCEM") between the Company, holder of 51% of the capital stock, and GRUPO CALIDRA S.A. de C.V., a Mexican company, holder of the remaining percentage.

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The purpose of the new company will be to build and operate an industrial plant in the Condorcocha area, Province of Tarma, Department of Junín, for the production of quicklime and calcium carbonates, with an initial capacity of 600 tons of quicklime per day. The plant shall start operations in the first half of 2025. The investment in CALCEM shall be covered by capital contributions from both partners and bank financing.

D. Corporate reorganizations

D.1 Merger between UNIÓN DE CONCRETERAS S.A. and CONCREMAX S.A.

On November 16, 2023, the Shareholders' Meetings of UNIÓN DE CONCRETERAS S.A. (UNICON PERU) and CONCREMAX S.A. (CONCREMAX) unanimously resolved to approve the merger project whereby UNICON would universally absorb Concremax's assets as a block. As a consequence, CONCREMAX would become extinct without liquidation, as per the provisions of Section 344 of the Business Corporations Act. It should be noted that the merger shall become effective on January 1, 2024. UNICON PERU owns 100% of the shares of CONCREMAX, so it is a simple merger, which shall not give rise to an increase in the capital stock of UNICON PERU.

D.2 Merger between MEL 20 LIMITADA (MEL20) and CONSTRUCTORA DE OBRAS CIVILES Y VIALES LIMITADA (CONOVIA)

On December 29, 2023, the Shareholders' Meetings of MEL 20 LIMITADA (MEL20) and CONSTRUCTORA DE OBRAS CIVILES Y VIALES LIMITADA (CONOVIA) resolved to approve the merger project whereby MEL20 would absorb CONOVIA's assets on that date. MEL20 owns 100% of the shares of CONOVIA, so it is a simple merger, which shall not give rise to an increase in the capital stock of MEL20.

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2. Information on the Structure of the Subsidiaries

As of December 31, 2023, and December 31, 2022, the consolidated financial statements of the Group include the following subsidiaries (figures according to IFRS and before consolidation write-offs):

In thousands of Soles	Entity	Main Economic Activity	2023		2022		Assets		Liabilities		Equity		Profit (loss)	
			Direct (%)	Indirect (%)	Direct (%)	Indirect (%)	2023	2022	2023	2022	2023	2022	2023	2022
Peru	UNACEM PERÚ S.A. - UNACEM PERU	Production and sale of cement	99.99	0.01	99.99	0.01	4,814,555	4,721,849	2,346,119	2,370,281	2,468,436	2,351,568	388,482	421,455
Peru / Ecuador	INVERSIONES IMBABURA S.A. and Subsidiaries (i)	Production and sale of cement	100.00	-	100.00	-	2,115,492	2,111,268	437,904	479,659	1,677,588	1,631,609	38,614	60,123
United States	SKANON INVESTMENTS INC. and Subsidiaries (ii)	Production and sale of cement and concrete	95.85	-	95.84	-	3,278,887	1,914,037	2,276,127	831,985	1,002,760	1,082,052	(4,747)	66,517
Peru	COMPAÑIA ELÉCTRICA EL PLATANAL S.A. and Subsidiaries (iii)	Sale of energy and power	90.00	-	90.00	-	2,015,224	1,202,940	1,156,759	378,617	858,465	824,323	32,523	57,938
Peru / Chile	INVERSIONES EN CONCRETO Y AFINES S.A. and Subsidiaries (iv)	Sale of concrete and ready-mix concrete	93.38	-	93.38	-	1,012,503	1,001,972	586,303	583,918	426,200	418,054	20,564	14,508
Chile	UNACEM CHILE S.A. and Subsidiary (vi)	Cement and concrete	99.89	0.11	99.89	0.11	321,165	305,998	235,363	206,526	85,802	99,472	(8,621)	(16,985)
Peru	INVERSIONES NACIONALES Y MULTINACIONALES S.A. - INMA	Real estate business	99.81	0.19	99.77	0.23	128,883	120,730	16,683	27,496	112,200	93,234	(1,713)	(778)
Chile	PREFABRICADOS ANDINOS S.A. - PREANSA CHILE (note 26)	Production and sale of precast concrete products	50.00	-	50.00	-	82,159	109,860	80,350	96,595	1,809	13,265	(8,485)	1,742
Peru / Colombia	PREFABRICADOS ANDINOS PERÚ S.A.C. and Subsidiary (v)	Production and sale of precast concrete products	50.00	-	50.00	-	64,181	55,592	54,798	50,679	9,383	4,913	1,635	(3,248)
Peru	ARPL TECNOLOGÍA INDUSTRIAL S.A. - ARPL	Technology advisory and support services	100.00	-	100.00	-	65,831	61,189	13,557	11,420	52,274	49,769	15,927	14,116
Peru	GENERACIÓN ELÉCTRICA DE ATOCONGO S.A. - GEA	Thermal power plant operation services	99.85	0.15	99.85	0.15	17,538	26,746	16,348	25,347	1,190	1,399	(209)	570
Peru	MINERA ADELAIDA S.A. - MINERA	Mining of non-ferrous metal ores	100.00	-	100.00	-	29,547	28,581	3,544	1,753	26,003	26,828	(1,023)	(882)
Peru	VIGILANCIA ANDINA S.A. - VASA	Surveillance services	55.50	44.50	55.50	44.50	12,655	12,206	4,308	4,440	8,347	7,766	593	851
Peru	DEPÓSITO ADUANERO CONCHÁN S.A. - DECOSA	Warehousing services	99.99	-	99.99	-	1,922	2,069	693	939	1,229	1,130	99	207
Peru	DIGICEM S.A. - DIGICEM	IT Services	99.99	-	99.99	-	38,838	16,306	3,674	16,199	35,164	107	(10,511)	(925)
Peru	NAVIERA CONCHÁN S.A. - NAVIERA	Services	100.00	-	100.00	-	16	14	27	14	(11)	-	(13)	(16)
Peru	CALCEM S.A.	Production and sale of lime	100.00	-	-	-	6	-	18	-	(12)	-	(13)	-

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- (i) The subsidiaries of INVERSIONES IMBABURA S.A. (IMBABURA) are: UNACEM ECUADOR S.A. (UNACEM ECUADOR) and CANTERAS Y VOLADURAS S.A. (CANTYVOL).

By means of Shareholders' Meeting held on May 10, 2021, UNICON PERU approved the sale of 100% of its shares in UNICON ECUADOR in favor of IMBABURA for approximately PEN 51,114,000 (equivalent to USD 13,000,000). Additionally, on July 9, 2021, the merger of UNACEM ECUADOR as the merging company and UNICON Ecuador as the merged company was approved by the Superintendency of Companies of Ecuador on December 12, 2022, and registered with the Registry of Companies of Ecuador on January 31, 2023. Consequently, the merger became effective on February 1, 2023.

- (ii) The main subsidiaries of SKANON INVESTMENTS INC. (SKANON) are: DRAKE CEMENT LLC, TEHACHAPI CEMENT LLC (note 1.B), SUNSHINE CONCRETE & MATERIALS INC., which in turn has the following subsidiaries: MARICOPA READY MIX LLC., DESERT READY MIX (DRM) and DESERT AGGREGATES (DA).

- (a) During 2023, the Company made cash contributions to SKANON for approximately PEN 6,183,000 (equivalent to USD 1,625,000), thus increasing its controlling interest from 95.84% to 95.85% in SKANON's capital stock.

During 2022, the Company made cash contributions to SKANON for approximately PEN 18,739,000 (equivalent to USD 4,875,000), thus increasing its controlling interest from 95.80% to 95.84% in SKANON's capital stock.

SKANON had the option to purchase the minority interest in DRAKE CEMENT. Thus, as of December 31, 2022, SKANON has exercised this option, acquiring the 4.348% minority interest for approximately USD 6,500,000 (equivalent to PEN 24,947,000), thus increasing its controlling interest from 94.04% to 98.39% in DRAKE CEMENT's capital stock. As of December 31, 2023, the price was paid in full, as shown in note 13.

- (b) *Interests in consolidated structured entities*

- Up until December 31, 2022, DRM was a consolidated structured entity through which SKANON conducted its concrete and aggregates operations in the city of Phoenix, United States of America. The initial capitalization and operating expenses of DRM were financed by SKANON.

In July 2014, SKANON began providing financing to DRM in the amount of USD 1,750,000 for working capital purposes and an additional USD 1,750,000 for raw material purchases. In conjunction with the financing provided, an exclusive option agreement was executed granting SKANON the irrevocable and exclusive right to convert the unpaid portion of the financing provided into a 70% majority interest in DRM, at SKANON's sole discretion. SKANON and DRM also entered into an operating agreement whereby SKANON would provide DRM with technical and commercial support, short-term financing and other services. DRM's shareholders pledged their interest as collateral in the event DRM fails to meet its obligations under the above-mentioned agreement. Furthermore, in May 2018, an agreement was reached whereby SKANON has the option to acquire the remaining 30% of DRM's shareholding interest.

During 2023, SKANON exercised its call option, effective as from January 1, 2023, to acquire a 70% interest in DESERT READY MIX, LLC at a price equal to the outstanding debt plus accrued interest, in the amount of USD 5,243,000 (equivalent to PEN 20,029,000). Also, in March 2023, SKANON acquired an additional 15% in DRM for approximately USD 4,881,614 (equivalent to PEN 18,575,000), thus controlling 85% of DRM. As of December 31, 2023, the price for the acquisition of the 15% shareholding interest in DRM was paid in full.

- Up until December 31, 2022, DA was a consolidated structured entity through which STATEN ISLAND COMPANY, INC. conducted its concrete and aggregates operations in the

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County of Maricopa, State of Arizona, United States of America.

During fiscal year 2019, SIC began providing financing to DA for the purchase of land in the city of Arizona. In conjunction with the financing provided, an exclusive option agreement was executed granting SKANON the irrevocable and exclusive right to convert the unpaid portion of the financing provided into a 100% majority interest in DA, at SKANON's sole discretion. In addition, SKANON and DA also entered into an operating agreement whereby SKANON would provide DA with technical and commercial support, short-term financing and other services. DA's shareholders pledged their interest as collateral in the event DA fails to meet its obligations under the above-mentioned agreement.

During 2023, SKANON exercised its call option, effective as from January 1, 2023, to acquire a 100% interest in DESERT AGGREGATES, LLC at a price equal to the outstanding debt plus accrued interest, in the amount of USD 4,737,000 (equivalent to PEN 18,094,000).

- (iii) COMPAÑÍA ELÉCTRICA EL PLATANAL S.A. (CELEPSA) has the following subsidiaries: CELEPSA RENOVABLES S.R.L.(CERE), TERMOCHILCA S.A. (note 1.B), AMBIENTAL ANDINA S.A.C. and ECORER S.A.C.
- (iv) The subsidiary of INVERSIONES EN CONCRETO Y AFINES S.A. (INVECO) is UNIÓN DE CONCRETERAS S.A. (UNICON PERU), which in turn has the following subsidiaries: CONCREMAX S.A., UNICON CHILE S.A. and ENTREPISOS LIMA S.A.C.
- (v) The subsidiary of PREANSA PERU is: PREFABRICADOS ANDINOS COLOMBIA S.A.S.
- (vi) The subsidiary of UNACEM CHILE is: INVERSIONES MEL 20.
- (vii) The subsidiaries and other investees have their principal place of business at the place where they conduct their commercial activities and where they are incorporated.

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3. Summary of Significant Accounting Policies

A. Basis of Preparation and Presentation

The interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB), effective as of December 31, 2023 and December 31, 2022.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and retirement and termination benefits, which have been measured at fair value. The consolidated financial statements are presented in Soles and all amounts have been rounded to thousands (PEN 000), except as otherwise indicated.

The interim consolidated financial statements provide comparative information with respect to prior periods. However, they do not include all the information and disclosures required in the annual consolidated financial statements. Therefore, they should be read in conjunction with the audited consolidated report as of and for the year ended December 31, 2022.

The Group has prepared its consolidated financial statements on a going concern basis. In making its going concern assessment, the Group's Management has taken into consideration matters that could cause a disruption to its operations. The Group's Management has considered all future available information that it has obtained after the reporting date up to the date of approval and issuance of the consolidated financial statements.

B. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its Subsidiaries as of December 31, 2023 and December 31, 2022.

The control criteria taken into consideration by the Group are described in the note to the audited consolidated financial statements as of December 31, 2022.

C. Significant Accounting Policies

The accounting policies adopted in the preparation of these interim consolidated financial statements are consistent with the policies considered in the preparation of the audited consolidated financial statements as of December 31, 2022.

4. Accounting Pronouncements Issued Not Yet Effective

The Group has not previously adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

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5. Cash and Cash Equivalents

This caption comprises the following:

<i>In thousands of Soles</i>	As of December 31, 2023	As of December 31, 2022
Checking and savings accounts (a)	321,056	239,654
Time deposits (b)	78,818	93,614
Fixed funds	1,401	1,577
	401,275	334,845

- (a) Checking and savings accounts are in local and foreign currency, held with local and foreign banks with a high credit rating and are freely available. These accounts accrue interest at market rates.
- (b) Time deposits are held in local and foreign financial institutions, mainly in local and foreign currency, which accrue interest at market rates and have original maturities of less than three (3) months.

6. Trade and Other Accounts Receivable, Net

This caption comprises the following:

<i>In thousands of Soles</i>	<i>Note</i>	Current		Non-current	
		As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022
Trade Receivables					
Invoices and bills receivable (a)		745,122	608,643	22,052	19,030
Provision for invoices receivable		56,140	74,032	-	-
		801,262	682,675	22,052	19,030
Related Receivables					
Trade Accounts Receivable	20(b)	32,877	39,191	-	-
Miscellaneous Receivables					
Advances to Suppliers		32,179	18,642	31,258	-
Claims to the Tax Authority (b)		43,880	17,835	42,789	72,088
Personnel loans		6,556	9,949	-	-
Derivative financial instruments	23.A.i.	-	-	2,797	4,063
Other Accounts Receivable		32,931	23,242	3,295	5,910
		115,546	69,668	80,139	82,061
Taxes					
Payments on account of income tax on profits		39,203	33,596	-	-
Tax credit in respect of value added tax (c)		36,333	39,490	61,302	1,184
		75,536	73,086	61,302	1,184
		1,025,221	864,620	163,493	102,275
Minus – Expected credit loss (d)		(37,097)	(30,291)	(22,052)	(19,030)
		988,124	834,329	141,441	83,245

- (a) Trade receivables are mainly in local and foreign currency, have current maturities and do not accrue interest. Bills receivable have current maturity and accrue interest calculated at current market rates.
- (b) As of December 31, 2023 and December 31, 2022, the balance corresponds mainly to payments under protest made by the Company to the Tax Authority to continue with the claim processes before the corresponding instances, mainly related to income tax, mining royalties and complementary mining, metallurgical and steel retirement fund, see note 22.D.

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In the opinion of the Group's Management and its legal advisors, it is estimated that there are sufficient legal arguments to obtain a favorable recovery of said assets in the short and long term.

- (c) As of December 31, 2023, the balance corresponds mainly to tax credit for value-added tax generated by the subsidiaries TERMOCHILCA, UNACEM PERU and UNACEM CHILE (as of December 31, 2022, mainly by the subsidiaries UNACEM CHILE and UNACEM PERU).
- (d) In the opinion of the Group's Management, the estimated expected credit loss adequately hedges the bad debt risk as of December 31, 2023 and December 31, 2022.
- (e) As of December 31, 2023 and December 31, 2022, the Group performed the assessment of the exposure to credit risk on trade receivables, see note 23.B.

7. Inventories, Net

This caption comprises the following:

<i>In thousands of Soles</i>	As of December 31, 2023	As of December 31, 2022
Spare parts and supplies	364,451	298,151
Raw and auxiliary materials	257,327	236,334
Products in process	329,443	217,903
Finished products	58,820	55,693
Containers and packaging	30,643	64,304
Inventories receivable	18,121	10,126
	1,058,805	882,511
Provision for inventory obsolescence (a)	(22,231)	(30,866)
	1,036,574	851,645

- (a) In the opinion of the Group's Management, the provision for inventory obsolescence adequately hedges the obsolescence risk as of December 31, 2023 and December 31, 2022.

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8. Right-of-Use Assets and Lease Liabilities, Net

(a) As of December 31, 2023 and December 31, 2022, the net book value of lease assets amounts to approximately PEN 133,774,000 and PEN 21,640,000, respectively.

(b) Below is a detail of the balance of lease liabilities:

<i>In thousands of Soles</i>	Note	As of December 31, 2023	As of December 31, 2022
Classification according to maturity			
Current		22,975	8,024
Non-current		123,557	14,221
		146,532	22,245

(c) The depreciation charge for the year has been recorded in the following items of the consolidated profit and loss statement:

<i>In thousands of Soles</i>	Note	As of December 31, 2023	As of December 31, 2022
Cost of Sales	17	14,258	9,178
Administration Expenses	18	1,413	673
Selling Expenses		30	35
		15,701	9,886

(d) As of December 31, 2023 and December 31, 2022, the Group only has fixed-payment lease agreements.

9. Mining Concessions, Properties, Plant and Equipment, Net

This caption comprises the following components and changes:

<i>In thousands of Soles</i>	As of December 31, 2023	As of December 31, 2022
Cost		
Opening Balance	12,302,409	12,047,399
Additions (b)	617,813	529,531
Acquisition of subsidiary (c)	2,032,475	7,458
Withdrawals, sales and other	(182,871)	(113,742)
Translation effect	(135,832)	(168,237)
Closing Balance	14,633,994	12,302,409
Accumulated Depreciation		
Opening Balance	4,829,026	4,544,542
Depreciation for the period (e)	471,033	448,002
Acquisition of subsidiary (c)	402,335	-
Withdrawals and others	(149,809)	(103,002)
Translation effect	(37,865)	(60,516)
Closing Balance	5,514,720	4,829,026
Net carrying amount	9,119,274	7,473,383

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- (a) As of December 31, 2023, the carrying amount of assets acquired under leases and leasebacks amounted to approximately PEN 105,922,000 (PEN 135,686,000 as of December 31, 2022). Leased assets secure leasing liabilities, see note 12(e).
- (b) Additions during 2023 correspond mainly to:
- i. Additions of the subsidiary UNACEM PERU for the projects of the Kiln 3 cooler dedusting system of the Condorcocha plant. Moreover, the expansion of packaging and product delivery capacity is still in progress in both plants: Atocongo and Condorcocha. The total amount of the aforementioned projects is approximately PEN 103,855,000.
 - ii. Additions of the subsidiary DRAKE CEMENT due to disbursements made for the following projects: Integral mill project and improvements to the raw mill, roller press, clinker cooler repairs, mechanical workshop, and preoperative expenses for the opening of the Frenchy Hill quarry for approximately USD 22,007,000 (equivalent to PEN 81,535,000), as well as the purchase of machinery and equipment for approximately USD 4,013,000 (equivalent to PEN 14,867,000).
 - iii. Additions of works in progress of the subsidiary UNACEM ECUADOR for projects to increase Kiln 1 production capacity and Kiln 1 hydrogen injection for approximately USD 18,372,000 (equivalent to PEN 68,068,000).
 - iv. Additions of the subsidiary UNICON PERU for i) acquisitions of mixer trucks for approximately PEN 22,644,000, ii) concrete guns and pumps for approximately PEN 1,616,000, front loaders for approximately PEN 1,545,000, iii) works in progress for repair of trucks for approximately PEN 2,885,000, and iv) repair and refurbishment of mixing plants for approximately PEN 4,773,000.
 - v. Additions of the subsidiary CELEPSA for the expansion of the control center, buffer reservoir, acquisition of an impeller, improvements in the Paucarcocha instrumentation system and relocation of the data center for approximately PEN 10,558,000.
 - vi. Additions of the subsidiary UNICON CHILE for the acquisition of (i) the new Panamericana and San Antonio plants; as well as improvements to other plants for approximately PEN 10,491,000 and (ii) overhaul of trucks for approximately PEN 2,715,000.
 - vii. Additions of the subsidiary CONCREMAX for (i) overhaul of trucks and assembly of plants for approximately PEN 5,208,000, (ii) assembly of the Toromocho aggregates plant for approximately PEN 4,404,000 and (iii) two secondary and tertiary impactor mills and excavator for approximately PEN 2,823,000.
 - viii. Additions of the subsidiary CERE for the investment in social commitments for approximately PEN 6,800,000.
 - ix. Additions of the subsidiary INMA for disbursements for office improvements for approximately PEN 7,032,000.
 - x. Additions of the subsidiary SUNSHINE CONCRETE & MATERIALS INC. for the acquisition of aggregates production equipment for approximately USD 1,380,000 (equivalent to PEN 5,114,000).

Additions during 2022 corresponded mainly to:

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- i. Additions of the subsidiary UNACEM PERU for projects to expand packaging and product delivery capacity in both plants, the optimization of the clinker cooler and dedusting in Kiln 3 at the Condorcocha plant, as well as the following projects at the Atocongo plant: structural reinforcement and improvement of the discharge system, improvements in cement mills and in primary crusher. The aforementioned projects amount to an approximate total of PEN 80,449,000.
 - ii. Additions of the subsidiary DRAKE CEMENT for the integral mill project and improvements to the raw mill and mechanical workshop for approximately USD 21,590,000 (equivalent to PEN 82,214,000).
 - iii. Additions of the subsidiary SUNSHINE CONCRETE & MATERIALS INC. for the acquisition of aggregates production equipment for approximately USD 8,408,000 (equivalent to PEN 32,018,000).
 - iv. Additions of works in progress of the subsidiary UNACEM ECUADOR for projects of cement mill reducer 2, Kiln 1 production capacity increase, biomass conditioning for fuel increase, frequency inverter for Kiln 1 and multi-fuel project (phase 2) for approximately USD 6,698,000 (equivalent to PEN 25,507,000).
 - v. Additions of the subsidiary PREANSA CHILE for the mobile plant project for the construction of an industrial bridge for approximately PEN 9,848,000.
 - vi. Additions of the subsidiary UNICON PERU for i) acquisitions of mixer trucks for approximately PEN 17,270,000, ii) front loaders for approximately PEN 2,027,000, iii) works in progress for repair of trucks for approximately PEN 5,283,000, and iv) repair and refurbishment of mixing plants for approximately PEN 1,526,000.
 - vii. Additions of the subsidiary UNICON CHILE for acquisitions of mixer trucks, front loaders and crane for approximately PEN 4,731,000 and overhaul of trucks for approximately PEN 6,438,000.
 - viii. Additions of the subsidiary CONCREMAX for overhaul of trucks and assembly of plants for approximately PEN 9,559,000.
- (c) During 2023, they correspond to assets from TERMOCHILCA, TEHACHAPI (during 2022, they correspond to the acquisition of CONOVIA), as shown in note 1.B.
- (d) During 2023, it mainly includes asset retirements made by: (i) the subsidiary DRM for sales of mixer trucks and drum mixers, the cost and accumulated depreciation of which amounted to approximately USD 2,205,000 and USD 2,187,000 (equivalent to PEN 8,169,000 and PEN 8,103,000, respectively), (ii) the subsidiary Sunshine for sales of machinery and equipment, the cost and accumulated depreciation of which amounted to approximately USD 10,120,000 and USD 8,177,000 (equivalent to PEN 37,494,000 and PEN 30,294,000, respectively), (iii) the subsidiary UNICON PERU for sales of mixer trucks and front loaders, the cost and accumulated depreciation of which amounted to approximately PEN 29,272,000 and PEN 28,647,000, respectively, and iv) the subsidiary CONCREMAX for sales of mixer trucks and front loaders, the cost and accumulated depreciation of which amounted to approximately PEN 3,729,000 and PEN 3,693,000, respectively.

During 2022, it mainly includes asset retirements made by: (i) the subsidiary DRM for sales of mixer trucks and drum mixers, the cost and accumulated depreciation of which amounted to approximately USD 5,552,000 and USD 4,712,000 (equivalent to PEN 21,142,000 and PEN 17,945,000, respectively), (ii) the subsidiary DA for sales of machinery and equipment, the cost and accumulated depreciation of which amounted to approximately USD 14,369,000 and USD 12,324,000 (equivalent to PEN 54,715,000 and PEN 46,930,000, respectively), and (iii) the subsidiary UNICON PERU for sales of mixer trucks and front loaders, the cost and accumulated depreciation of which amounted to approximately

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PEN 6,396,000 and PEN 6,327,000, respectively.

- (e) Depreciation has been distributed as follows:

<i>In thousands of Soles</i>	<i>Note</i>	As of December 31, 2023	As of December 31, 2022
Cost of Sales	17	455,915	430,305
Administration Expenses	18	12,420	14,849
Other Expenses		2,122	2,102
Selling Expenses		576	746
		471,033	448,002

- (f) The subsidiary SKANON has guarantee contracts regarding the plant, transportation units and equipment located in the United States of America, which secure loans, see note 12(e).

Similarly, the subsidiary UNICON PERU has a mortgage on the Ancieta and Villa El Salvador plants for up to PEN 152,320,000 (equivalent to USD 40,000,000), with SCOTIABANK PERU to secure the loan granted by this financial institution, see note 12(e).

Likewise, the subsidiary UNACEM Chile has a mortgage on the "San Juan" plant, for approximately USD 23,000,000, with BANCO DE CRÉDITO E INVERSIONES DE CHILE (BCI) to secure the loan granted by this financial institution, see note 12(e).

- (g) The Group maintains insurance policies in force on its main assets, in accordance with the policies established by the Group's Management. In the opinion of the Group's Management, its insurance policies are consistent with international industry practices.
- (h) In the Management's opinion, the Group has insurance policies that sufficiently cover all of its fixed assets.

10. Intangible Assets, Net

This caption comprises the following components and changes:

<i>In thousands of Soles</i>	<i>Note</i>	As of December 31, 2023	As of December 31, 2022
Cost			
Opening Balance		388,615	373,566
Acquisition of subsidiary	1.B	70,408	-
Additions		28,749	22,532
Withdrawals and others		(11,581)	370
Translation effect		(4,942)	(7,853)
Closing Balance		471,249	388,615
Accumulated Amortization			
Opening Balance		159,426	147,475
Acquisition of subsidiary	1.B	18,486	-
Amortization for the period (a)		14,608	12,345
Withdrawals and others		(11,628)	-
Translation effect		(448)	(394)
Closing Balance		180,444	159,426
Net carrying amount		290,805	229,189

- (a) The amortization of intangible assets has been distributed as follows:

<i>In thousands of Soles</i>	<i>Note</i>	As of December 31,	As of December 31,
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UNACEM CORP S.A.A. and Subsidiaries

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		2023	2022
Administration Expenses	18	6,721	6,442
Cost of Sales	17	5,489	3,522
Selling Expenses		2,129	2,287
Other Expenses		269	94
		14,608	12,345

11. Goodwill

As of December 31, 2023 and December 31, 2022, the balance of goodwill is mainly composed of the higher value paid for the acquisition of UNACEM ECUADOR amounting to PEN 1,023,795,000.

UNACEM CORP S.A.A. and Subsidiaries

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12. Other Financial Liabilities

This caption comprises the following:

<i>In thousands of Soles</i>	<i>Note</i>	As of December 31, 2023			As of December 31, 2022		
		Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
Bank loans (e)		1,075,200	3,393,564	4,468,764	640,560	2,197,822	2,838,382
Bank promissory notes (a) and (b)		609,897	-	609,897	409,991	-	409,991
Corporate bonds (d)		-	419,461	419,461	17,417	431,527	448,944
Bank overdrafts (c)		421	-	421	38,561	-	38,561
		1,685,518	3,813,025	5,498,543	1,106,529	2,629,349	3,735,878

- (a) Bank promissory notes correspond mainly to working capital financing with fixed interest rates ranging between 6.19 and 7.87% per annum in U.S. Dollars (fixed interest rates ranging between 3.42 and 6.42 per annum in U.S. Dollars and 6.66% per annum in Soles as of December 31, 2022). They do not have specific guarantees and are renewed depending on the Group's working capital needs. As of December 31, 2023 and December 31, 2022, the balance by bank is composed as follows:

<i>In thousands of Soles</i>	Currency of origin	Maturity	2023	2022
Financial Institution				
BANCO INTERNACIONAL DEL PERÚ – INTERBANK	USD	April 2024	185,650	171,900
BANCO BBVA PERÚ	USD	Between July 2024 and November 2024	175,104	-
SCOTIABANK PERÚ	USD	March 2024	92,713	-
BANCO DE CRÉDITO E INVERSIONES (BCI)	USD	Marzo 2024	64,978	-
BANCO ITAU	USD	Julio 2024	51,982	-
BANCO DE CRÉDITO DEL PERÚ	USD	Between February 2024 and March 2024	39,470	238,091
			609,897	409,991

- (b) As of December 31, 2023 and December 31, 2022, interest payable on bank promissory notes amounted to approximately PEN 13,012,000 and PEN 9,389,000, respectively, and is recognized in "Trade and Other Accounts Payable" in the consolidated statement of financial position, see note 13. As of December 31, 2023 and December 31, 2022, interest expenses amounted to approximately PEN 52,565,000 and PEN 14,854,000, respectively, and are included in "Financial Expenses" in the consolidated profit and loss statement, see note 19.
- (c) As of December 31, 2022 overdrafts correspond mainly to obligations of SKANON with different financial institutions in U.S. Dollars for a total of USD 10,000,000 (equivalent to PEN 38,200,000).

UNACEM CORP S.A.A. and Subsidiaries

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(d) As of December 31, 2023 and December 31, 2022, the balance of corporate bonds is detailed below:

<i>In thousands of Soles</i>	Annual interest rate %	Maturity	As of December 31, 2023	As of December 31, 2022
Bonds				
Arizona State Bonds (i)	Between 1.6 and 1.95 + variable rate	September 2035	426,995	439,300
Peruvian corporate bonds	5.16	March 2023	-	18,815
			426,995	458,115
Amortized cost			(7,534)	(9,171)
			419,461	448,944

- (i) On November 18, 2010, DRAKE CEMENT, LCC obtained financing through the issuance of bonds from the Yavapai County Development Authority, State of Arizona, United States of America, for the purpose of financing part of the investment in the cement plant of such subsidiary for up to USD 40,000,000 maturing in September 2035 and a monthly interest payment based on a variable interest rate (Securities Industry and Financial Markets Association Index Rate) plus 1.6%, compared to a maximum interest rate of 12%. Bonds are secured by a bank letter of credit, see note 22.A(ii).

In addition, on July 30, 2015, DRAKE CEMENT, LCC issued new bonds for the purpose of refinancing loans for the construction of the cement plant, acquisition of assets, materials and facilities up to an amount of USD 75,000,000 maturing in September 2035 and a monthly interest payment based on a variable interest rate (Securities Industry and Financial Markets Association Index Rate) plus 1.95%, compared to a maximum interest rate of 12%. Bonds are secured by a bank letter of credit, see note 22.A(ii).

These bonds were issued under the following conditions:

- The subsidiary DRAKE CEMENT may not increase its debt by more than USD 5,000,000 of the outstanding balance at the time of issuance of the bond, excluding refinancing.
- Maintain an interest coverage ratio equal to or greater than 1.0.

In the Management's opinion, DRAKE CEMENT has not been complying with one of the restrictive considerations and financial safeguards as of December 31, 2023. They have obtained a waiver duly approved and granted by the creditor bank during 2023, for which reason it has been recording the debt according to the initially approved maturity terms.

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(e) The balance of bank loans is detailed below:

<i>In thousands of Soles</i>	Maturity	Initial amount	Currency	Destination of funds	Guarantees	2023	2022
Bank loans							
NY MELLON BANK	October 2026	345,000	USD	Financing for the purchase of TEHACHAPI	Joint and several guarantee, note 22.A(ii)	1,280,985	-
BANCO DE CRÉDITO DEL PERÚ	June 2025 and October 2026	782,500	PEN	Redemption of foreign bond and Refinancing of financial liabilities	No guarantee was furnished	737,275	502,500
BBVA PERÚ	June 2025 and January 2027	783,357	PEN	Refinancing of financial liabilities	No guarantee was furnished	706,021	522,690
SCOTIABANK DEL PERÚ	October 2024, March 2025 and January 2027	771,547	PEN	Refinancing of financial liabilities	No guarantee was furnished	573,348	625,916
BANCO DE CRÉDITO E INVERSIONES (BCI)	March 2024	75,000	USD	Financing for the purchase of TERMOCHILCA	Share pledge, see note 1.B.	278,475	-
BANCO INTERNACIONAL DEL PERÚ	January 2027	228,385	PEN	Refinancing of financial liabilities	No guarantee was furnished	195,269	223,817
CITIBANK N.A. (i)	October 2025	50,000	USD	Refinancing of financial liabilities	No guarantee was furnished	111,390	152,800
BANCO INTERNACIONAL DEL PERÚ – INTERBANK	May 2027	26,900	USD	Refinancing of financial liabilities	No guarantee was furnished	84,898	97,620
BANCO DE CRÉDITO DEL PERÚ	March 2027	34,000	USD	Refinancing of financial liabilities	No guarantee was furnished	82,057	110,398
BANCO DE CRÉDITO E INVERSIONES (Chile)	June 2024	-	CLP	-	Real estate guarantee, note 9(g)	70,692	74,851
BANK OF NOVA SCOTIA (i)	September 2025	30,000	USD	Partial redemption of foreign bond	No guarantee was furnished	38,987	63,030
SCOTIABANK DEL PERÚ	April 2025	72,000	PEN	Financing for the purchase of UNICON CHILE	Real estate guarantee, note 9(g)	21,600	36,000
BANCO SCOTIABANK (Chile) (i)	March 2024	4,000	USD	-	Letter of credit, note 22.A(i)	14,727	15,215
BBVA PERÚ	December 2024	28,773	PEN	-	No guarantee was furnished	14,125	21,449
BANCO BBVA Colombia	August 2025	-	COP	-	Letter of credit, note 22.A(i)	11,949	9,767
CITIBANK N.A. (New York)	July 2024	11,000	USD	-	No guarantee was furnished	10,211	19,261
SANTANDER S.A.	-	35,000	USD	Working capital and investments	-	-	133,700
Less than PEN 10,000,000	-	-	-	-	-	53,999	50,583
						4,286,008	2,659,597
Amortized cost						(15,873)	(6,796)
Total						4,270,135	2,652,801
Leaseback							
SCOTIABANK (Chile)	March 2024	-	CLP	Leased assets	-	195	1,347
						195	1,347
Leasing							
CONSORCIO TRANSMANTARO S.A. (Peru)	July 2039	-	USD	Leased assets	-	55,439	57,627
	Between December 2025 and						
	September 2028	-	USD	Leased assets	-	25,180	30,258
BOK FINANCIAL CORPORATION	Between December 2027 and March 2028	-	USD	Leased assets	-	19,570	30,070
BANK OF AMERICA	Between June 2024 and December 2026	-	-	Leased assets	-	18,013	17,745
SCOTIABANK DEL PERÚ						40,692	38,996
Less than PEN 10,000,000						158,894	174,696

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<i>In thousands of Sales</i>	Maturity	Initial amount	Currency	Destination of funds	Guarantees	2023	2022
Factoring						39,540	9,538
Total						4,468,764	2,838,382

- The Group entered into swap contracts to reduce the variable rate risk related to these loans, see note 23.A.i.

UNACEM CORP S.A.A. and Subsidiaries

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- (f) The financial safeguards applicable to local financial liabilities are monitored quarterly, semi-annually and annually and must be calculated based on the separate and/or consolidated financial information of the Company and its subsidiaries and the calculation methodologies required by each financial institution.
- (i) As of December 31, 2023 and December 31, 2022, the main financial safeguards based on separate financial information are as follows:

UNACEM CORP S.A.A. (*)

- Maintain a leverage ratio less than or equal to 1.5.
- Maintain a debt service coverage ratio greater than 1.2.
- Maintain a debt or financial debt/EBITDA coverage ratio less than or equal to 4.0 by 2022 and 3.75 from 2023 onwards.

() Safeguards calculated based on information combined with UNACEM PERU.*

UNACEM PERÚ S.A.

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

UNACEM ECUADOR S.A.

Until March 31, 2023

- Maintain a debt service coverage ratio greater than or equal to 1.
- Maintain a total financial debt/EBITDA ratio less than or equal to 3.75.

As of April 2023

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

UNIÓN DE CONCRETERAS S.A.

- Maintain debt service coverage ratio greater than or equal to 1.2.
- Maintain a total financial debt/EBITDA ratio less than or equal to 2.5.

CONCREMAX S.A.

- Maintain a debt service coverage ratio greater than or equal to 1.25.
- Maintain a debt or financial debt/EBITDA coverage ratio less than or equal to 2.5.

UNACEM CHILE S.A.

- Maintain a debt service coverage ratio greater than or equal to 3.5.
- Maintain a leverage ratio less than or equal to 1.35.
- Maintain a debt or financial debt/EBITDA coverage ratio less than or equal to 6.5.

UNICON CHILE S.A. (in force until October 2023)

- Maintain a debt service coverage ratio greater than or equal to 1.0.
- Maintain a leverage ratio less than or equal to 1.8.
- Maintain a debt or financial debt/EBITDA coverage ratio less than or equal to 3.5.

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UNACEM CORP S.A.A. and Subsidiaries

Notes to the UNAUDITED Consolidated Financial Statements
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- Maintain a leverage ratio less than or equal to 3.0.
- Maintain a debt service coverage ratio greater than or equal to 1.2.

As of December 31, 2023 and December 31, 2022, the main financial safeguards based on consolidated financial information are as follows:

UNACEM CORP S.A.A. and Subsidiaries

- Maintain a leverage ratio less than or equal to 1.5.
- Maintain a debt service coverage ratio greater than 1.20.
- Maintain a debt or financial debt/EBITDA coverage ratio less than or equal to 4.0 until September 2024 and less than or equal to 3.75 onwards.

SKANON INVESTMENTS, INC. and Subsidiaries

- Maintain a leverage ratio less than 1.

In the opinion of the Group's Management, the Company and its subsidiaries have complied with the financial safeguards as of December 31, 2023, except for UNACEM CHILE, with a short-term liability for an amount of PEN 70,692,000 and SKANON INVESTMENTS, INC and subsidiaries which obtained a waiver duly approved and granted by the creditor bank during 2023, for which reason it has been recording the debt according to the initially approved maturity terms. As of December 31, 2022, the Company and its subsidiaries have complied with the financial safeguards, except for UNICON CHILE, with a short-term liability in the amount of PEN 2,064,000, and UNACEM CHILE, which obtained a waiver duly approved and granted by the creditor bank during 2022, for which reason it has been recording the debt according to the initially approved maturity terms.

- (g) As of December 31, 2023 and December 31, 2022, interest payable on bonds and medium and long-term debt with banks amounted to approximately PEN 40,047,000 and PEN 20,486,000, respectively, and is recognized in "Trade and Other Accounts Payable" in the consolidated statement of financial position, see note 13.

Interest payable on bonds and bank loans during 2023 and 2022 amounted to approximately PEN 193,970,000 and PEN 156,075,000, respectively, and is included in "Financial Expenses" in the consolidated profit and loss statement, see note 19.

- (e) As of December 31, 2023, the Group has bank loans in Soles with effective annual interest rates in Soles ranging from 2.26 to 7.91%. Bank loans in U.S. Dollars at fixed rates between 0.85 to 17.21% and at variable rates plus a margin. As of December 31, 2023, the Company agreed with the financial entities to change the variable rate for the two loans from 3-month LIBOR plus a margin fluctuating between 1.75 to 2.60% to 3-month SOFR plus a margin fluctuating between 2.01 to 2.86%.

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

13. Trade and Other Accounts Payable

This caption comprises the following:

<i>In thousands of Soles</i>	<i>Note</i>	2023	2022
Trade accounts payable (a)		705,408	677,093
Account payable for acquisition of subsidiary	1.B.	143,151	-
Remuneration and vacation payable		87,118	74,884
Interest payable	12(b) and (g)	53,059	29,875
Customer advances (b)		51,242	63,531
Accounts payable to related parties	30(b)	28,886	28,812
Commitments with communities		20,714	15,746
Dividends payable	22(f)	19,385	15,801
Value added tax payable		17,826	7,411
Taxes and labor contributions payable		15,837	22,446
Accounts payable for purchase of property, plant and equipment		11,782	17,086
Loans payable to third parties		11,300	8,859
Remuneration of the Board of Directors		7,862	8,090
Account payable to minority shareholders	2 (ii)	-	6,208
Interest payable on financial instruments		-	144
Other accounts payable		30,441	27,580
		1,204,011	1,003,566
Classification by maturity:			
Current		1,023,663	975,032
Non-current		180,348	28,534
		1,204,011	1,003,566

- (a) Trade accounts payable mainly arise from the acquisition of goods and services for the development of the Group's operations and correspond to invoices payable to domestic and foreign suppliers, have current maturities, do not accrue interest and no guarantees have been furnished for these obligations.

The subsidiaries UNICON PERU and CONCREMAX offer their suppliers a program for the payment of their accounts through financial institutions. This program allows suppliers to sell their accounts receivable to financial institutions in a separately negotiated agreement between the supplier and the financial institution, thereby allowing the suppliers to better manage their cash flows and the subsidiaries to reduce their payment processing costs. These subsidiaries have no direct financial interest in these transactions.

All obligations with its suppliers, including balances payable, are maintained according to the contractual agreements entered into with them. As of December 31, 2023 and December 31, 2022, the balances related to these transactions amount to PEN 115,530,000 and PEN 108,570,000, respectively.

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14. Income Tax

Deferred income tax liabilities, according to the items that originated them, comprise the following:

<i>In thousands of Soles</i>	<i>Note</i>	As of December 31, 2023	As of December 31, 2022
Deferred income tax asset			
Opening Balance		392,703	387,786
Effect on consolidated income statement		(116,212)	14,915
Charge to comprehensive income		258	(5,677)
Acquisition of subsidiary	1.B	125,444	-
Others		11,548	6,685
Translation effect		(7,897)	(11,006)
Closing Balance		405,844	392,703
Deferred income tax liability			
Opening Balance		(770,428)	(776,005)
Effect on consolidated income statement		178,261	7,114
Acquisition of subsidiaries	1.B	(269,279)	(889)
Others		829	(6,679)
Translation effect		3,950	6,031
Closing Balance		(856,667)	(770,428)
Total deferred income tax liability, net		(450,823)	(377,725)

- (a) The income tax expense shown in the consolidated income statement for the years ended December 31, 2023 and December 31, 2022 amounts to approximately PEN 234,568,000 and PEN 289,120,000, respectively.

UNACEM CORP S.A.A. and Subsidiaries

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15. Net Equity**A. Issued Capital**

As of December 31, 2023 and December 31, 2022, the Company's issued capital is represented by 1,780,000,000 and 1,818,127,611 fully subscribed and paid-in common shares, with a par value of PEN 1 each. The common shares representing the capital stock of the Company are traded on the Lima Stock Exchange.

On August 31, 2023, the Shareholders' Meeting approved the reduction of the Company's capital stock from PEN 1,818,127,611 to PEN 1,780,000,000, which was registered with the National Superintendency of Public Records Offices on November 13, 2023. For further details, see note 15. C.

	As of December 31, 2023	
	Number of shares	Percentage share
Shareholders		
INVERSIONES JRPR S.A.	483,489,609	27.16
NUEVAS INVERSIONES S.A.	459,129,497	25.79
Private Pension Fund Management Companies (AFPs)	422,287,829	23.73
Others	415,093,065	23.32
	1,780,000,000	100.00

	As of December 31, 2022	
	Number of shares	Percentage share
Shareholders		
INVERSIONES JRPR S.A.	483,489,609	26.59
NUEVAS INVERSIONES S.A.	459,129,497	25.25
Private Pension Fund Management Companies (AFPs)	470,622,191	25.89
Others	404,886,314	22.27
	1,818,127,611	100.00

As of December 31, 2023, the stock price of each common share was PEN 1.52 (PEN 1.80 as of December 31, 2022).

B. Additional Capital

This is the variation between the capital increase made in 2019 due to the merger of the Company with and into SINDICATO DE INVERSIONES Y ADMINISTRACIÓN S.A., INVERSIONES ANDINO S.A., and INMOBILIARIA PRONTO S.A. and the equity recorded.

C. Treasury Shares

In a meeting held on August 20, 2021, the Board of Directors approved a program for the purchase of treasury shares for up to PEN 36,400,000, without exceeding 2% of the issued shares. The program was extended in the Board of Directors' meetings held on December 22, 2021, June 28, 2022 and December 28, 2022, thus extending the term of the purchase program until June 30, 2023.

On June 28, 2023, the Board of Directors agreed to extend the program until June 30, 2025, increasing the maximum amount to PEN 112,000,000, without exceeding 4% of the treasury shares issued. Additionally, the Board of Directors expressly empowered the General Management to establish the terms and conditions of the program and to carry out the necessary actions to execute it.

The acquired shares are held in the portfolio for a maximum term of two (2) years and as long as they are held in the portfolio, all rights will be suspended.

In addition, on August 31, 2023, the Shareholders' Meeting approved the amortization of 38,127,611 treasury shares generated by the program and the consequent reduction of the Company's capital stock from

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PEN 1,818,127,611 to PEN 1,780,000,000, charging the excess paid over the par value of the 38,127,611 shares to be amortized, amounting to PEN 26,808,000, to the retained earnings account.

As of December 31, 2023, the Company holds 14,828,000 treasury shares equivalent to PEN 22,948,000 (12,967,000 treasury shares equivalent to PEN 23,530,000, as of December 31, 2022).

D. Legal Reserve

As provided for in the Business Corporations' Act, a minimum of 10% of distributable profit for each year, net of income tax, is required to be transferred to a legal reserve until such reserve reaches 20% of the issued capital. The legal reserve may offset losses or may be capitalized, in both cases there is an obligation to replenish it. As of December 31, 2023 and December 31, 2022, the legal reserve reached the cap of 20% of the issued capital.

E. Unrealized Gains and Losses

Unrealized gains and losses are changes in the fair value, net of the tax effect, of hedging financial instruments, see note 23.A.i. and fringe benefits for employer retirement and termination.

F. Dividend Distribution

The information on dividends distributed in 2023 and 2022 is shown below:

Dividends 2023

<i>In thousands of Soles</i>	Dividends declared and paid	Payment date	Dividends per common share
Date of Board of Directors' meeting			
January 25, 2023	36,103	February 27, 2023	0.020
April 27, 2023	36,102	May 31, 2023	0.020
July 26, 2023	36,099	August 31, 2023	0.020
October 23, 2023	35,464	November 28, 2023	0.020
	143,768		

Dividends 2022

<i>In thousands of Soles</i>	Dividends declared and paid	Payment date	Dividends per common share
Date of Board of Directors' meeting			
January 26, 2022	36,194	January 28, 2022	0.020
April 27, 2022	54,202	May 30, 2022	0.030
July 26, 2022	36,111	August 31, 2022	0.020
October 26, 2022	36,103	November 29, 2022	0.020
	162,610		

By means of a Shareholders' Meeting held on December 14, 2021, it was resolved to replace the dividend policy approved by the Annual Shareholders' Meeting held on March 31, 2015, with a new dividend policy, consisting of the distribution, as from this resolution, of quarterly dividends in cash, in Soles or in U.S. Dollars, within a range between USD 0.005 and USD 0.010 per share issued by the Company, charged to retained earnings, beginning with the oldest and ending with the most recent.

During 2023, the subsidiaries DESERT READY MIX, DESERT AGGREGATES, ENTREPISOS, CELEPSA, INVECO and UNACEM ECUADOR distributed dividends to their non-controlling shareholders for approximately PEN 29,963,000, PEN 1,160,000, PEN 2,957,000, PEN 1,220,000, PEN 242,000 and PEN 76,000, respectively. During 2022, the subsidiaries DESERT READY MIX, DESERT AGGREGATES, CELEPSA, UNACEM ECUADOR and INVECO distributed dividends to their non-controlling shareholders for approximately PEN 42,218,000, PEN 14,033,000, PEN 1,948,000, PEN 708,000 and PEN 220,000, respectively.

As of December 31, 2023, there is an outstanding balance of dividends of approximately PEN 19,385,000 (PEN 15,801,000 as of December 31, 2022), see note 13.

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G. Translation Gains and Losses

Translation Gains and Losses correspond mainly to the exchange difference resulting from the translation of the financial statements of foreign subsidiaries to the Group's reporting currency.

H. Prescribed Dividends

Prescribed Dividends correspond to dividends from previous years made available to certain shareholders of the Group's companies that have not been collected for more than three (3) years.

16. Net Sales

This caption comprises the following:

<i>In thousands of Soles</i>	As of December 31, 2023	As of December 31, 2022
Segments		
Cement	3,253,217	3,350,673
Concrete	2,431,654	2,310,954
Energy and power	672,997	298,949
Other services	17,651	18,267
	6,375,519	5,978,843
Timing of revenue recognition		
Assets transferred at a point in time	5,581,786	5,564,961
Service delivery at a point in time	793,733	413,882
	6,375,519	5,978,843

17. Cost of Sales

This caption comprises the following:

<i>In thousands of Soles</i>	Note	2023	2022
Initial inventory of finished goods and work in progress	7	273,596	241,109
Cost of production			
Use of raw materials		1,097,889	1,031,706
Fuel		855,543	739,815
Personnel expenses		746,301	678,513
Depreciation	9(e)	455,915	430,305
Electricity		398,114	267,443
Maintenance cost		384,845	318,481
Transportation and freight		207,115	224,639
Use of packaging		129,839	144,954
Depreciation of right-of-use assets	8(c)	14,258	9,178
Acquisition of subsidiary	1.B	9,728	1,383
Preparation of quarries		7,747	10,052
Amortization	10(a)	5,489	3,522
Depreciation for deferred asset for land clearing		3,650	6,667
Royalty expenses		3,477	3,643
Allowance for inventory obsolescence		2,957	6,133
Other manufacturing expenses		591,208	506,285
Ending inventory of finished goods and work in progress	7	(388,263)	(273,596)
		4,799,408	4,350,232

18. Administration Expenses

This caption comprises the following:

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<i>In thousands of Soles</i>	<i>Note</i>	2023	2022
Personnel expenses		234,433	219,777
Services rendered by third parties		135,029	90,673
Miscellaneous management expenses		32,539	26,904
Donations		28,796	17,500
Taxes		15,729	16,325
Depreciation	9(e)	12,420	14,849
Amortization	10(a)	6,721	6,442
Expected credit loss		6,502	4,240
Depreciation of right-of-use assets	8(c)	1,413	673
Others		8,188	4,239
		481,770	401,622

19. Financial Expenses

As of December 31, 2023 and December 31, 2022, this caption mainly comprises interest on bonds issued and bank debt in the amount of PEN 246,535,000 and PEN 170,929,000, respectively, see notes 12(b) and 12(g).

20. Transactions with Related Companies

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

<i>In thousands of Soles</i>	2023	2022
Revenue		
Sale of cement		
LA VIGA S.A.	534,462	558,917
UNACEM Non-profit Corporation	429	299
Earned Dividends		
MASTER BUILDERS SOLUTIONS PERÚ S.A.	3,668	1,070
Others	-	5
Costs and/or expenses		
Donations		
UNACEM Non-profit Corporation	26,975	17,525
Purchase of additives		
MASTER BUILDERS SOLUTIONS PERÚ S.A.	65,616	60,976
Commissions and freight for cement sales		
LA VIGA S.A.	36,490	34,047
Other Expenses		
MASTER BUILDERS SOLUTIONS PERÚ S.A.	5,169	3,666
Other Income		
MASTER BUILDERS SOLUTIONS PERÚ S.A.	2,415	2,225
UNACEM Non-profit Corporation	417	212
LA VIGA S.A.	274	124

(b) As a result of these and other minor transactions, the Group had the following balances with its related companies:

<i>In thousands of Soles</i>	<i>Note</i>	2023	2022
Accounts receivable	6		
LA VIGA S.A.		30,638	37,122
MASTER BUILDERS SOLUTIONS PERÚ S.A.		154	428
Other minor accounts		2,085	1,641

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		32,877	39,191
Accounts payable	13		
MASTER BUILDERS SOLUTIONS PERÚ S.A.		25,177	24,309
LA VIGA S.A.		3,631	4,490
Other minor accounts		78	13
		28,886	28,812

- (c) The Group carries out its operations with related companies under the same conditions as those carried out with third parties. Accordingly, there are no differences in pricing policies or in the tax settlement base; in relation to payment methods, these do not differ from policies granted to third parties.
- (d) The total remuneration received by the directors and key officers of the Group's Management during 2023 amounted approximately to PEN 20,291,000 (approximately PEN 15,529,000 during 2022), which include short-term benefits and severance indemnity packages.
- (e) As of December 31, 2023, there were changes in the ownership interest in the controlling companies NUEVAS INVERSIONES S.A. and INVERSIONES JRPR S.A., see note 15.A.

21. Earnings per Share

Basic earnings per share are calculated by dividing net profit or loss for the year by the weighted average number of outstanding ordinary shares during the year.

The calculation of the weighted average number of shares and basic and diluted earnings per share is shown below:

<i>In thousands of</i>	Outstanding shares	Base shares for the calculation	Effective days in the year	Weighted average number of outstanding shares
Year 2023				
Balance as of January 1, 2023	1,805,161	1,805,161	365	1,805,161
Purchase of treasury shares	(39,989)	(39,989)	192	(21,035)
Balance as of December 31, 2023	1,765,172	1,765,172		1,784,126
Profit for the year (in thousands of Soles)				500,992
Net basic and diluted earnings per share (expressed in Soles)				0.281

<i>In thousands of</i>	Outstanding shares	Base shares for the calculation	Effective days in the year	Weighted average number of outstanding shares
Year 2022				
Balance as of January 1, 2022	1,810,835	1,810,835	365	1,810,835
Purchase of treasury shares	(5,674)	(5,674)	245	(3,809)
Balance as of December 31, 2022	1,805,161	1,805,161		1,807,026
Profit for the year (in thousands of Soles)				554,653
Net basic and diluted earnings per share (expressed in Soles)				0.307

As of December 31, 2023 and December 31, 2022, the Company holds 14,828,000 and 12,967,000 treasury shares with an average of 635 days and 333 days, respectively.

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22. Commitments and Contingencies

A. Financial and Purchase Commitments

- (i) The subsidiaries have the following letters of guarantee in force:
- Letters of guarantee granted by the Company in favor of the National Superintendency of Customs and Tax Administration (SUNAT) for a total of PEN 57,633,000 maturing in October 2024, in order to secure compliance with tax liabilities related to income tax for years 2008 and 2010.
 - Letter of guarantee granted by UNACEM PERU S.A. in favor of the Ministry of Energy and Mines (MEM), issued by BANCO INTERNACIONAL DEL PERÚ S.A.A. – INTERBANK, for a total of approximately USD 1,203,000, equivalent to PEN 4,467,000 (USD 1,209,000 equivalent to PEN 4,618,000 as of December 31, 2022) maturing in January 2024, in order to secure compliance with the Mine Closure Plan of its mining concessions.
 - Letter of guarantee granted by UNACEM PERU S.A. in favor of the Ministry of Fisheries and Industries, issued by BANCO INTERNACIONAL DEL PERÚ S.A.A. for a total of approximately USD 6,551,000, equivalent to PEN 24,324,000 (USD 6,383,000 equivalent to PEN 24,383,000 as of December 31, 2022) maturing in January 2024 and December 2024, in order to secure compliance with the Mine Closure Plan of its mining concessions.
 - Letters of guarantee granted by UNACEM PERU S.A. in favor of the National Superintendency of Customs and Tax Administration (SUNAT) for a total of PEN 14,225,000 maturing in the first quarter of 2024, in order to secure compliance the customs tax debt.
 - Letters of guarantee granted by UNACEM PERU S.A. in favor of third parties for a total of PEN 320,000 maturing in April 2024.
 - Letters of guarantee issued by financial institutions on behalf of UNICON PERU S.A. and CONCREMAX S.A. in order to guarantee the supply of concrete to certain customers, as of December 31, 2023, for approximately PEN 114,344,000 maturing between February and December 2024 (PEN 104,068,000 as of December 31, 2022, maturing in January 2023 and January 2024).
 - Letters of guarantee issued by financial institutions on behalf of ENTREPISOS S.A. in order to guarantee the supply of slab and precast concrete products to certain customers, as of December 31, 2023, for approximately PEN 1,944,000 maturing between February and November 2024 (PEN 1,217,000 as of December 31, 2022, maturing in January and June 2023).
 - Letters of guarantee issued by financial institutions on behalf of DEPÓSITO ADUANERO CONCHÁN S.A. in order to secure its obligations generated in the performance of its duties as a bonded warehouse in accordance with the Customs Act, its regulations and other applicable administrative provisions, as of December 31, 2023, for approximately USD 100,000, equivalent to PEN 371,000 maturing in February 2024 (USD 100,000, equivalent to PEN 382,000 as of December 31, 2022 maturing in February 2023).
 - Letter of guarantee granted by CELEPSA in favor of CONSORCIO TRANSMANTARO S.A. for a total of USD 3,000,000, maturing in July 2024, issued by SCOTIABANK DEL PERÚ in order to secure compliance with the obligations of the electricity transmission contract.
 - Letter of guarantee granted by CELEPSA in favor of LA FIDUCIARIA S.A., issued by SCOTIABANK, for a total amount of approximately USD 42,300,000, equivalent to PEN 159,260,000, maturing

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in January 2024, in order to secure compliance with the obligations under the Termochilca Share and Debt Purchase Agreement. It was cancelled in May 2023.

- Letters of guarantee granted by CELEPSA in favor of the Ministry of Energy and Mines (MEM), issued by BANCO DE CRÉDITO DEL PERÚ, for a total of approximately PEN 2,860,000, maturing between February 2024 and January 2026, in order to secure compliance with various projects.
- Letters of guarantee granted by CELEPSA in favor of the Municipality of Zuñiga located in the Province of Cañete, Department of Lima, issued by SCOTIABANK, for a total amount of approximately PEN 3,510,000 maturing in February 2024, in order to avoid illegal coercive collection.
- Letter of guarantee granted by CELEPSA in favor of HUNT OIL COMPANY OF PERÚ LLC SUCURSAL DEL PERÚ, issued by SCOTIABANK, for a total amount of approximately USD 1,268,000, equivalent to PEN 4,708,000 maturing in August 2024, in order to secure compliance with the obligations under the Natural Gas Supply Contract.
- Letter of guarantee granted by CELEPSA in favor of PLUSPETROL CAMISEA S.A., issued by SCOTIABANK, for a total amount of approximately USD 1,258,000, equivalent to PEN 4,671,000, maturing in August 2024, in order to secure compliance with the obligations under the Natural Gas Supply Contract.
- Letter of guarantee granted by TERMOCHILCA in favor of CONSORCIO TRANSMANTARO S.A. for a total of USD 2,000,000, maturing in December 2024, issued by SCOTIABANK DEL PERÚ in order to secure compliance with the obligations of the electricity transmission contract.
- Letter of guarantee granted by TERMOCHILCA in favor of CONSORCIO TRANSMANTARO S.A. for a total of USD 12,747,000, maturing in August 2024, issued by SCOTIABANK DEL PERÚ in order to secure the payment of the net balance of amortization in the event of termination of the electricity transmission contract for facilities of the Complementary Transmission System and its respective addenda.
- Letters of guarantee granted by TERMOCHILCA in favor of CONSORCIO CAMISEA to secure compliance with the obligations assumed by TERMOCHILCA under the "Natural Gas Supply Contract" signed in 2020, for a total of approximately USD 2,486,000 equivalent to PEN 9,231,000, issued by SCOTIABANK DEL PERÚ and USD 2,526,000 equivalent to PEN 9,380,000, issued by BANCO DE CRÉDITO DEL PERÚ, maturing in August 2024.
- On September 23, 2016, SCOTIABANK CHILE approved a credit facility of up to USD4,000,000 in favor of PREANSA CHILE, which is guaranteed through a letter of credit of PREANSA PERU issued by SCOTIABANK DEL PERÚ, maturing in September 2024.
- On December 13, 2016, BBVA COLOMBIA approved a credit facility of up to USD 3,550,000,000 in favor of PREANSA COLOMBIA, which is guaranteed through a letter of credit of PREANSA PERU issued by BBVA PERU, maturing in September 2024.
- As of December 31, 2023, the subsidiary VIGILANCIA ANDINA S.A. has letters of guarantee issued by financial institutions to secure the payment of remunerations of personnel under labor intermediation to customers for PEN 3,268,000 maturing in December 2024 (PEN 3,032,000 as of December 31, 2022, maturing in December 2023).

(ii) Guarantees for the payment of financial obligations:

- Joint and several guarantee granted together by UNACEM CORP, UNACEM PERÚ, DESERT READY MIX and DESERT AGGREGATES in favor of the subsidiary SKANON INVESTMENTS, for a total of

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USD 345,000,000, maturing in October 2026, in favor of the syndicate of banks that granted the debt for the acquisition of TEHACHAPI CEMENT.

- Letter of credit for USD 40,447,000 dated November 18, 2010, and amended on November 10, 2020, entered into between NOVA SCOTIA U.S OPERATIONS (issuer) and U.S. BANK NATIONAL ASSOCIATION (trustee). On November 1, 2010, U.S. BANK NATIONAL ASSOCIATION entered into a trust agreement with the Yavapai County Industrial Development Authority (authority). Similarly, on November 10, 2020, the letter of credit was renewed for an additional period of five (5) years, see note 12(d) (i).
- Letter of credit for USD 75,838,000, dated July 30, 2015, entered into by and among DRAKE CEMENT, LLC, SKANON INVESTMENTS, INC. (guarantor) and BANK OF NOVA SCOTIA, NEW YORK AGENCY (issuer) in order for the issuer to directly pay on behalf of DRAKE the credit in favor of U.S. BANK NATIONAL ASSOCIATION (trustee). The latter entity entered into a trust agreement with the Yavapai County Industrial Development Authority (authority). On June 1, 2020, the letter of credit was renewed for an additional period of five (5) years, see note 12(d) (i).

(iii) Indemnification Agreement

The subsidiary SKANON establishes indemnification provisions under its agreements with other companies in the normal course of business, generally with business partners, customers, property owners, lenders and lessors. Under such provisions, SKANON generally indemnifies and holds harmless the indemnified party for losses suffered or incurred as a result of its activities or, in some cases, as a result of the indemnified party's activities under the agreement. The maximum potential future payments that SKANON could make under these indemnification provisions is unlimited. SKANON has not incurred any material costs to defend complaints or settle claims related to these indemnification agreements. As a result, SKANON considers the estimated fair value of these agreements to be minimal. Accordingly, the Group's Management has no liability recorded for these agreements as of December 31, 2023 and December 31, 2022.

B. Leasing agreements

Future minimum payments for leasing and leaseback agreements are as follows:

<i>In thousands of Soles</i>	As of December 31, 2023		As of December 31, 2022	
	Minimum payments	Present value of	Minimum payments	Present value of
		lease payments		lease payments
In one year	52,458	37,758	54,795	39,216
Between one year and over	235,142	121,331	258,005	136,827
Total payments due	287,600	159,089	312,800	176,043
Less – financial costs	(128,511)	-	(136,757)	-
Value of minimum lease payments	159,089	159,089	176,043	176,043

C. Tax Situation

- (a) The Group's companies are subject to the tax regime of the country in which they operate and are taxed separately on the basis of their unconsolidated profit or loss. As of December 31, 2023 and December 31, 2022, the income tax rate on taxable profits in the main countries in which the Company and its subsidiaries operate are as follows:

In percentages	Tax Rates	
	2023	2022
Peru	29.5	29.5
Ecuador	25.0	25.0
United States of America (*)	21.0 and 4.9	21.0 and 4.9
Chile	27.0	27.0

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According to the laws of the United States of America and the State of Arizona, the subsidiary is subject to the application of the 21% federal rate and the 4.9% state rate.

- (b) In order to determine the income tax, the transfer prices of transactions with related companies and companies domiciled in territories with low or no taxation must be supported by documentation and information on the valuation methods used and the criteria considered for their determination.

Based on the analysis of the Group's operations, the Management and its legal advisors are of the opinion that, as a result of the implementation of these standards, no significant contingencies shall arise for the Group as of December 31, 2023 and December 31, 2022.

- (c) The Tax Authority of each country has the authority to review and, if applicable, correct the corresponding income tax calculated by the Company and its Subsidiaries. Income tax returns are subject to audit by the Tax Authority, as shown below:

	Period subject to audit
In Peru	
UNACEM CORP S.A.A.	2018 – 2023
UNACEM PERÚ S.A.	2021 – 2023
COMPAÑÍA ELÉCTRICA EL PLATANAL S.A.	2019 – 2023
CELEPSA RENOVABLES S.R.L.	2018 – 2023
TERMOCHILCA S.A.C.	2018 – 2023
GENERACIÓN ELÉCTRICA ATOCONGO S.A.	2019 – 2023
UNIÓN DE CONCRETERAS S.A.	2020 – 2023
CONCREMAX S.A.	2019 – 2023
INVERSIONES EN CONCRETO Y AFINES S.A.	2019 – 2023
PREFABRICADOS ANDINOS PERÚ S.A.C.	2019 – 2023
DIGICEM S.A.	2019 – 2023
DEPÓSITO ADUANERO CONCHÁN S.A.	2019 – 2023
INVERSIONES IMBABURA S.A.	2019 – 2023
INVERSIONES NACIONALES Y MULTINACIONALES ANDINAS S.A.	2019 – 2023
ARPL TECNOLOGÍA INDUSTRIAL S.A.	2019 – 2023
VIGILANCIA ANDINA S.A.	2019 – 2023
ENTREPISOS LIMA S.A.C.	2019 – 2023
In Ecuador	
UNACEM ECUADOR S.A.	2020-2023
UNIÓN DE CONCRETERAS UNICON UCUE CÍA. LTDA.	2020-2023
In Chile	
PREFABRICADOS ANDINOS S.A.	2020-2023
UNACEM CHILE S.A.	2020-2023
INVERSIONES MEL20 LIMITADA	2020-2023
UNICON CHILE S.A.	2020-2023
In Colombia	
PREFABRICADOS ANDINOS COLOMBIA S.A.S.	2018-2023
In the United States of America	
	2020-2023

Due to the possible ways in which the Tax Authorities of each country in which the Group operates may interpret the legal regulations in force, it is not possible to determine, as of this date, whether or not the reviews will result in liabilities for the Company and its Subsidiaries. Therefore, any higher tax or surcharge that may result from the tax reviews would be applied to the profit or loss for the year in which it is determined. In the opinion of the Group's Management and its legal advisors, any additional tax settlement would not be material to the consolidated financial statements as of December 31, 2023 and December 31, 2022.

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

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follows:

<i>In thousands of Soles</i>	2023	2022
SKANON INVESTMENTS INC. and Subsidiaries (i)	2,532,204	2,412,905
COMPAÑÍA ELÉCTRICA EL PLATANAL S.A. and Subsidiaries (ii)	202,472	224,481
PREFABRICADOS ANDINOS S.A. – PREANSA CHILE (iii)	-	58,609
PREFABRICADOS ANDINOS PERÚ S.A.C. – PREANSA PERU (iii)	15,122	17,173
UNICON CHILE S.A. (iii)	23,954	16,164
PREFABRICADOS ANDINOS COLOMBIA S.A.S (iii)	10,551	8,625
DIGICEM S.A. (ii)	15,571	1,676
INVERSIONES NACIONALES Y MULTINACIONALES ANDINAS S.A. (ii)	2,749	837
DEPÓSITO ADUANERO CONCHÁN S.A. (ii)	904	1,415
CONCREMAX S.A. (ii)	-	3,202
GENERACIÓN ELÉCTRICA DE ATOCONGO S.A. (ii)	998	2,000
Other minor Peruvian subsidiaries (ii)	1,389	1,109

- (i) Tax loss carryforwards of U.S. subsidiaries amount to approximately USD 662,371,000 (equivalent to PEN 2,454,085,000). According to the assessment of the Group's Management, it is estimated that federal and state losses of approximately USD 377,584,000 and USD 305,872,000, respectively (equivalent to approximately PEN 1,398,949 and PEN 1,133,256, respectively) will be recovered. Such federal and state loss shall begin to expire as of August 31, 2025 and December 31, 2032, respectively, for approximately USD 112,034,000 (equivalent to approximately PEN 415,086,000).

Under U.S. laws, the Group's subsidiaries in such country are subject to federal and state taxes, which are levied at a rate of 21% and 4.9%, respectively, on taxable income.

- (ii) The Management of each Peruvian subsidiary with tax loss carryforwards has elected both the option that allows offsetting tax losses up to 50% of the taxable income generated in each year, for an indefinite term, and the option that allows offsetting tax losses over the four years starting from the date of their generation.
- (iii) Tax loss carryforwards of the subsidiaries in Chile (which do not expire) and Colombia (which expire during the following twelve years after the tax loss is generated), shall be offset against future profits of the subsidiaries in accordance with the corresponding tax requirements.
- (e) As of December 31, 2023 and December 31, 2022, the net balance payable net of income tax is approximately PEN 33,745,000 and PEN 149,297,000, respectively.

D. Contingencies

In their normal course of business, the Company and its subsidiaries have been subject to various tax, legal (labor and administrative) and regulatory claims, which are recorded and disclosed in accordance with International Financial Reporting Standards.

Peru**i. Tax Contingencies**

As a result of audits carried out in previous years, the Company and its subsidiaries have been notified by the National Superintendency of Customs and Tax Administration (SUNAT) with various resolutions for alleged income tax omissions. In some cases, the Company and its subsidiaries have filed appeals to appellate courts as they did not find that such resolutions are in accordance with the law, but in other cases they paid the tax assessments received under protest. These tax proceedings are mainly related to:

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- Income tax for the years 2000 and 2001
- Income tax for the years 2004 and 2005
- Income tax for the year 2009
- Contribution to the supplementary mining, metallurgical and steel retirement fund from 2013 to 2017
- Mining Royalties, formerly CEMENTOS LIMA, years 2008 and 2009
- Mining Royalties, formerly CEMENTO ANDINO, year 2008

As of December 31, 2023 and December 31, 2022, the Company has balances receivable related to these tax proceedings since, in the opinion of the Company's Management and its legal advisors, there are reasonable grounds to obtain an outcome favorable to the Company's interests, see note 6(b).

E. Environmental Commitments

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

23. Financial Risk Management Objectives and Policies

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

A. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, exchange rate risk, product price risk and other price risks. Financial instruments affected by market risk include bank deposits, trade and other accounts receivable, other financial liabilities and derivative financial instruments.

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

These sensitivity analyses have been prepared on the assumption that the amount of net debt, the ratio of fixed to floating interest rates on debt and derivative financial instruments, and the proportion of financial instruments in foreign currencies are all constant as of December 31, 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 because of changes in market interest rates. The Group's exposure to market interest rate risk relates primarily to long-term debt obligations with variable interest rates.

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

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▪ **Hedging derivative financial instruments**

The Group has entered into interest rate swap contracts designated as cash flow hedges, which are recorded at fair value. Details about these transactions are provided below:

<i>In thousands of Soles</i>	Currency	Reference amount (000)	Maturity	Received at a variable rate of:	Paid at a fixed rate of:	Fair value	
						2023	2022
Counterpart							
Assets							
CITIBANK N.A.	USD	50,000	October 2025	3-Month SOFR + 2.01%(*)	5.730%	1,117	1,130
BANCO DE CRÉDITO E INVERSIONES (BCI) (Chile)	CLP	2,692,424	Noviembre 2027	Tasa CLP + 6.78%	Tasa UF+3.380%	1,035	1,172
BANK OF NOVA SCOTIA	USD	30,000	September 2025	3-Month SOFR + 2.86%(*)	5.695%	645	1,427
BANCO SCOTIABANK (Chile)	USD	3,355	-	-	-	-	334
						2,797	4,063

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

The effective portion of changes in the fair value of derivative financial instruments that qualify as hedges are recognized as assets or liabilities, with a balancing entry in equity. As of December 31, 2023 and December 31, 2022, the Group recognized a negative and positive variation in the fair value of approximately PEN 2,186,000 and PEN 18,806,000, respectively, under "Unrealized gains and losses" of the consolidated statement of changes in net equity, which are recorded net of the income tax effect, respectively.

In 2023, the Group has recognized financial income from these derivative financial instruments amounting to approximately PEN 5,000 (expenditure of PEN 7,703,000 during 2022), which amounts have been effectively paid during the year and are recorded under the item "Financial expenses" of the consolidated income statement. In addition, during 2023, the Group recognized a gain on derivative financial instruments, net of PEN 2,693,000 (December 31, 2022 corresponds to approximately PEN 3,220,000, which is mainly due to the early cancellation of the debt with BANCO SANTANDER in November 2022).

Interest Rate Sensitivity

The Group does not have significant sensitivity to a reasonably possible change in interest rates on the portion of loans, after the impact of hedge accounting.

ii. Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates. The Group's exposure to currency risk is related, firstly, to the Group's operating activities (when income and expenses are denominated in a currency other than the Group's functional currency) and, secondly, by obtaining financing in U.S. Dollars.

The Management of each company monitors this risk through the analysis of the country's macroeconomic variables.

The result of maintaining balances in foreign currency for the Group in the years 2023 and 2022 resulted in net gains for approximately PEN 4,571,000 and PEN 35,445,000, respectively, which are recorded under "Exchange difference, net" in the consolidated income statement.

As of December 31, 2023 and December 31, 2022, the Group has a derivative financial instrument liability corresponding to a "Cross Currency Interest Rate Swap" amounting to PEN 1,539,000 and PEN 3,253,000 in favor of BBVA PERU, in order to hedge its currency fluctuation risks. These instruments were designated as held for trading.

As of December 31, 2023 and December 31, 2022, changes in fair value are recognized as expense or income. As of December 31, 2023 and December 31, 2022, the effect corresponds to a net financial income of approximately PEN 1,714,000 and PEN 3,617,000 and is recorded under "Financial income" in the consolidated income statement.

Likewise, as of December 31, 2023 and December 31, 2022, a net financial expense was recognized for these derivative financial instruments amounting to approximately PEN 695,000 and PEN 1,026,000, respectively. These amounts have been effectively paid during the year and are recorded under "Financial expenses" in the consolidated income statement.

Exchange Rate Sensitivity

Transactions in foreign currency are carried out at the free-market exchange rates published by the Superintendency of Banking, Insurance and Private Pension Fund Management Companies. As of December 31, 2023, the weighted average free market exchange rates for U.S. dollar transactions were PEN 3.705 for buying and PEN 3.713 for selling (PEN 3.808 for buying and PEN 3.820 for selling as of December 31, 2022), respectively.

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As of December 31, 2023 and December 31, 2022, the main foreign currency in which the Group maintains assets and liabilities is U.S. Dollars. The balances of assets and liabilities in such foreign currency are shown below:

<i>In thousands of U.S. Dollars</i>	2023	2022
Assets		
Cash and cash equivalents	21,479	30,306
Trade and other accounts receivable	199,307	150,960
	220,786	181,266
Liabilities		
Other financial liabilities	21,479	(143,513)
Trade and other accounts payable	199,307	(116,050)
	220,786	(259,563)
Foreign currency derivative financial instruments	(414)	(852)
Liabilities, net	(229,588)	(79,149)

The following table shows the sensitivity to a reasonably possible change in the U.S. dollar exchange rate, with all other variables held constant, on the Group's profit before income taxes (due to changes in the fair value of monetary assets and liabilities, including foreign currency derivative financial instruments not designated as hedges).

<i>In thousands of Soles</i>	Impact on profit before income tax	
	As of December 31, 2023	As of December 31, 2022
Change in exchange rates in U.S. Dollars		
%		
+5	(42,986)	(15,201)
+10	(85,972)	(30,401)
-5	42,986	15,201
-10	85,972	30,401

B. Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or commercial contract, resulting in a financial loss. The Group is exposed to credit risk due to its operating activities (in particular trade debtors) and its financial activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure to credit risk for the components of the consolidated financial statements as of December 31, 2023 and December 31, 2022, is represented by the sum of cash and cash equivalents and trade and other receivables.

The Group's Management continuously monitors the credit risk of these items and periodically evaluates those debts that show evidence of impairment to determine the required allowance for doubtful accounts.

C. Liquidity Risk

The Group monitors the risk of a funding shortfall using a liquidity planning tool on a recurring basis.

The Group's objective is to maintain a balance between continuity and flexibility of funding through the use of overdrafts on bank checking accounts and other financial liabilities.

The following tables summarize the maturity profile of the Group's financial liabilities based on the undiscounted payments provided for in the respective contracts:

<i>In thousands of Soles</i>	As of December 31, 2023			
	From 1 to 12 months	From 1 to 3 years	Over 4 years	Total

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Trade and other accounts payable (*)	938,758	25,977	154,371	1,119,106
Other financial liabilities				
Other financial liabilities	1,685,518	3,132,001	681,024	5,498,543
Cash flow from interest payment	279,296	337,688	153,284	770,268
Lease liabilities				
Other financial liabilities	22,975	37,790	85,767	146,532
Cash flow from interest payment	3,346	4,876	5,835	14,057
Total liabilities	2,929,893	3,538,332	1,080,281	7,548,506

<i>In thousands of Soles</i>	As of December 31, 2022			
	From 1 to 12 months	From 1 to 3 years	Over 4 years	Total
Trade and other accounts payable (*)	881,986	22,045	6,147	910,178
Other financial liabilities				
Other financial liabilities	1,106,529	1,413,546	1,215,803	3,735,878
Cash flow from interest payment	152,838	209,569	203,784	566,191
Lease liabilities				
Other financial liabilities	8,024	11,026	3,195	22,245
Cash flow from interest payment	895	1,267	1,887	4,049
Total liabilities	2,150,272	1,657,453	1,430,816	5,238,541

As of December 31, 2023 and December 31, 2022, this item does not include customer advances, taxes, labor contributions and value added tax for approximately PEN 84,905,000 and PEN 93,388,000, respectively.

D. Capital Management

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

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24. Fair Value**A. Instruments carried at fair value based on the fair value accounting hierarchy**

The following table shows an analysis of the financial instruments that are carried at fair value according to the level of the fair value accounting hierarchy:

<i>In thousands of Soles</i>	Level 2	Total
As of December 31, 2023		
Financial assets		
Derivative financial instruments	2,797	2,797
Financial liabilities		
Derivative financial instruments	(1,539)	(1,539)
Total financial assets, net	1,258	1,258
As of December 31, 2022		
Financial assets		
Derivative financial instruments	4,063	4,063
Financial liabilities		
Derivative financial instruments	(3,253)	(3,253)
Total financial assets	810	810

Fair value of financial instruments carried at amortized cost

Below are the other financial instruments carried at amortized cost whose estimated fair value is disclosed in this note, as well as the level in the accounting hierarchy of such fair value.

Level 1

- Cash and cash equivalents do not represent a significant credit or interest rate risk; therefore, their carrying amounts approximate fair value.
- Due to the fact that accounts receivable are net of their allowance for doubtful accounts and they mainly have current maturities, Management has considered that their fair value is not significantly different from their book value.
- As trade and other accounts payable have current maturities, the Group's Management estimates that their carrying amount approximates their fair value.

Level 2

- The fair values of other financial liabilities have been determined by comparing market interest rates at the time of initial recognition with current market rates for similar financial instruments. A comparison between the carrying amounts and fair values of these financial instruments is shown below:

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25. Information by Operating Segments

For management purposes, the Group is organized into business units based on its products and activities and has three different segments organized as follows:

- Production and sale of cement.
- Production and sale of concrete.
- Generation and sale of electricity using hydraulic resources.

No other operating segments have been added as part of the operating segments described above.

The Management of each company monitors the operating results of the business units separately in order to make decisions on the allocation of resources and evaluate their performance.

Segment performance is evaluated on the basis of operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are agreed upon as between independent parties in a manner similar to that agreed upon with third parties.

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Financial information by business segment, net of eliminations, is presented below:

<i>In thousands of Soles</i>	As of December 31, 2023						Consolidated
	Cement	Concrete	Electricity	Others	Total segments	Adjustments and eliminations	
Revenue							
External customers	3,253,217	2,431,654	672,997	17,651	6,375,519	-	6,375,519
Inter-segments	442,195	95,156	104,352	620,647	1,262,350	(1,262,350)	-
Total revenues	3,695,412	2,526,810	777,349	638,298	7,637,869	(1,262,350)	6,375,519
Gross profit	1,116,077	274,820	137,983	552,591	2,081,471	(505,360)	1,576,111
Operating income (expenses)							
Administration Expenses	(251,862)	(98,247)	(32,892)	(136,317)	(519,318)	37,548	(481,770)
Selling Expenses	(73,167)	(28,944)	(8,947)	(4,140)	(115,198)	-	(115,198)
Other operating income (expense), net	(96,009)	(14,187)	(121)	(33,558)	(143,875)	154,354	10,479
Operating profit	695,039	133,442	96,023	378,576	1,303,080	(313,458)	989,622
Other income (expense)							
Share in net profits of associated companies	-	4,814	-	259	5,073	7,039	12,112
Financial income	13,166	2,374	3,364	14,766	33,670	(16,848)	16,822
Financial expenses	(128,974)	(25,611)	(39,103)	(97,826)	(291,514)	16,848	(274,666)
Exchange difference, net	6,911	(2,197)	2,088	(2,231)	4,571	-	4,571
Profit before income tax	586,142	112,822	62,372	293,544	1,054,880	(306,419)	748,461
Income tax	(181,913)	(2,598)	(29,849)	(17,861)	(232,221)	(2,347)	(234,568)
Net profit by segment	404,229	110,224	32,523	275,683	822,659	(308,766)	513,893
Segment profits before taxes	701,950	131,245	98,111	369,306	1,300,612	(552,151)	748,461

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

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Eliminations and reconciliation

Financial income and expenses and gains and losses from changes in the fair value of the financial assets are not allocated to individual segments as the underlying instruments are managed centrally.

Current and deferred taxes and certain financial assets and liabilities are not charged to the segments as they managed centrally as well.

<i>In thousands of Soles</i>	As of December 31, 2023	As of December 31, 2022
Reconciliation of profit or loss		
Segment profits before taxes before adjustments and eliminations	1,300,612	1,482,973
Financial income	16,822	16,634
Financial expenses	(274,666)	(192,621)
Share in net profits of associated companies	12,112	3,861
Elimination of transactions with related companies	(306,419)	(362,132)
Segment profits before taxes	748,461	948,715

Geographic Information

The above information on revenues and non-current assets, distributed according to the location of the customer, is as follows:

<i>In thousands of Soles</i>	As of December 31, 2023	As of December 31, 2022
Revenues from customers		
Peru	4,216,158	3,854,796
United States of America	1,081,071	973,846
Ecuador	603,129	682,994
Chile	456,664	449,451
Colombia	18,497	17,756
Total revenues according to the consolidated income statement	6,375,519	5,978,843

<i>In thousands of Soles</i>	As of December 31, 2023	As of December 31, 2022
Non-current assets		
Peru	7,256,095	6,475,899
United States of America	2,826,967	1,682,902
Ecuador	839,131	819,944
Chile	300,404	331,823
Colombia	27,781	22,825
Total non-current assets according to the consolidated statement of financial position	11,250,378	9,333,393

26. Subsequent Events

In the opinion of the Group's Management, between January 1, 2024 and the date of issuance of these consolidated financial statements, no other significant events or facts have occurred that require disclosure in the consolidated financial statements as of December 31, 2023, except for:

- On February 2, 2024, the Company informed the Superintendency of the Securities Market about the acquisition of 50% of the shares of the subsidiary PREANSA CHILE, with which, as of that date the Company will control 100% of the ownership of the subsidiary).

The aforementioned subsequent events do not give rise to any modification in the consolidated financial statements as of December 31, 2023.